

Essex County, Mass., and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CELLER:

H. R. 3579. A bill to provide a national health insurance and public health program; to the Committee on Ways and Means.

By Mr. FLETCHER:

H. R. 3580. A bill relating to the construction and disposition of the San Jacinto-San Vincente aqueduct; to the Committee on Public Works.

By Mr. KEATING:

H. R. 3581. A bill to amend the Social Security Act (49 Stat. 620) to extend coverage therein provided, and for other purposes; to the Committee on Ways and Means.

By Mr. LATHAM:

H. R. 3582. A bill to provide that persons separated from the armed forces of the United States before receiving promotions to which they were entitled upon their return from prisoner of war or similar status shall be held and considered to have been granted such promotions and the pay and allowances connected therewith; to the Committee on Armed Services.

By Mr. MATHEWS:

H. R. 3583. A bill to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. MEADE of Kentucky:

H. R. 3584. A bill to provide increased subsistence allowance to veterans pursuing certain courses under the Servicemen's Readjustment Act of 1944, as amended, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. MURRAY of Wisconsin:

H. R. 3585. A bill to prohibit the Department of Agriculture and its officers, employees, and agents from destroying food which is fit for human consumption, and for other purposes; to the Committee on Agriculture.

By Mr. TIBBOTT:

H. R. 3586. A bill to extend mail delivery service for St. Francis College, Loretto, Pa.; to the Committee on Post Office and Civil Service.

By Mr. HINSHAW:

H. R. 3587. A bill to establish a National Aviation Council for the purpose of unifying and clarifying national policies relating to aviation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. REES:

H. R. 3588. A bill providing for a Federal Employees' Loyalty Act of 1947; to the Committee on Post Office and Civil Service.

By Mr. CLASON:

H. R. 3589. A bill to discontinue in effect certain war excise taxes, and for other purposes; to the Committee on Ways and Means.

By Mrs. SMITH of Maine:

H. R. 3590. A bill to amend the act of June 15, 1936, so as to grant certain benefits to members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps engaged in training duty prior to official termination of World War II; to the Committee on Armed Services.

By Mr. BATES of Massachusetts:

H. R. 3591. A bill to amend the District of Columbia Teachers' Salary Act of 1945, as amended, and for other purposes; to the Committee on the District of Columbia.

By Mr. VAIL:

H. J. Res. 208. Joint resolution authorizing the President to proclaim July 27, 1947, as Lithuania Day; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Illinois, memorializing the President and the Congress of the United States to investigate the obvious advantages of locating the proposed atomic energy laboratory in some Government-owned area in the hope that the Atomic Energy Commission may consider the desirability of using such a Government-owned or Government-controlled site; to the Joint Committee on Atomic Energy.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. RIVERS introduced a bill (H. R. 3592) for the relief of Harry C. Metts, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

554. By Mrs. NORTON: Petition of the New Jersey State Identification Association, urging the enactment of legislation which would provide pension benefits to investigatory and law-enforcement personnel of certain Government departments; to the Committee on Ways and Means.

555. By Mr. SMITH of Wisconsin: Petition of residents of Racine, Wis., urging that all Communists and communistic sympathizers in this country be dealt with effectively; to the Committee on Un-American Activities.

556. By the SPEAKER: Petition of the International Migration Service, petitioning consideration of their resolution with reference to adoption of H. R. 2910; to the Committee on the Judiciary.

557. Also, petition of the membership of the Zephyrhills Townsend Club, No. 1, Zephyrhills, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

558. Also, petition of the membership of the Tampa Townsend Club, No. 4, Tampa, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

559. Also, petition of the membership of the Tampa Townsend Club, No. 3, Tampa, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

560. Also, petition of the Holy Name Society, Holy Trinity Parish, Gary, Ind., petitioning consideration of their resolution with reference to request for investigation of conditions in Yugoslavia; to the Committee on Foreign Affairs.

561. Also, petition of Clair B. Lamoreaux, Sparta, Mich., and others, petitioning consideration of their resolution with reference to request for stamping out of communism; to the Committee on Un-American Activities.

562. Also, petition of the Holy Name Society of St. Robert Bellarmine Church, petitioning consideration of their resolution with reference to opposition to any further delay in obtaining action on House Concurrent Resolutions 4 and 32; to the Committee on Foreign Affairs.

563. Also, petition of the Board of Aldermen of the City of Chelsea, Mass., petitioning consideration of their resolution with reference to endorsing the movement of the Massachusetts Allied Veteran Housing Council for the immediate alleviation of the housing shortage; to the Committee on Banking and Currency.

564. Also, petition of the Holy Name Society, St. Francis Xavier Church, East Gary, Ind., petitioning consideration of their resolution with reference to request for investigation of conditions in Yugoslavia; to the Committee on Foreign Affairs.

SENATE

FRIDAY, MAY 23, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O Lord our God, shed the light of Thy Holy Spirit within the minds and hearts of Thy servants in this place of responsibility and decision, that all who sincerely seek the truth may find it, and finding it may follow it, whatever the cost, knowing that it is the truth that makes men free. When we have the truth, let us not hit each other over the head with it, but rather use it as a lamp to lighten dark places, in order that we may see where we are going.

This we ask in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 22, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on May 22, 1947, the President had approved and signed the act (S. 938) to provide for assistance to Greece and Turkey.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 3029) to provide for the acquisition of a site and for preparation of plans and specifications for a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia.

The message also announced that the House had passed a bill (H. R. 3348) to declare the policy of the United States with respect to the allocation of costs of construction of the Coachella Division of the All-American Canal irrigation project, California, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 854) to amend section 502 (a) of the act entitled "An act to expedite the provision of housing in connection with national defense, and

for other purposes," and it was signed by the President pro tempore.

CALL OF THE ROLL

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Morse
Baldwin	Gurney	Murray
Ball	Hatch	Myers
Barkley	Hawkes	O'Connor
Brewster	Hayden	O'Daniel
Bricker	Hickenlooper	O'Mahoney
Bridges	Hill	Pepper
Brooks	Hoey	Reed
Buck	Holland	Robertson, Va.
Bushfield	Ives	Robertson, Wyo.
Butler	Jenner	Russell
Byrd	Johnson, Colo.	Saltonstall
Cain	Johnston, S. C.	Sparkman
Capehart	Kem	Stewart
Capper	Kilgore	Taft
Chavez	Knowland	Taylor
Connally	Lodge	Thomas, Okla.
Cooper	Lucas	Thye
Cordon	McCarran	Tobey
Donnell	McClellan	Tydings
Downey	McFarland	Vandenberg
Dworshak	McGrath	Wagner
Eastland	McKellar	Watkins
Eaton	Magnuson	Wherry
Ellender	Malone	White
Ferguson	Martin	Wiley
Flanders	Maybank	Williams
Fulbright	Millikin	Wilson
George	Moore	Young

Mr. WHERRY. I announce that the Senator from North Dakota [Mr. LANGER] and the Senator from New Jersey [Mr. SMITH] are absent by leave of the Senate.

The Senator from Wisconsin [Mr. McCARTHY] and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

Mr. LUCAS. I announce that the Senator from Louisiana [Mr. OVERTON] and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] and the Senator from North Carolina [Mr. UMSTEAD] are absent on public business.

The PRESIDENT pro tempore. Eighty-seven Senators having answered to their names, a quorum is present.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letter, which were referred as indicated:

PROPOSED PROVISION PERTAINING TO APPROPRIATION FOR COMMERCE DEPARTMENT (S. Doc. No. 56)

A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an appropriation for the Department of Commerce in the form of an amendment to the budget for the fiscal year 1948 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

REVISION OF METHOD OF ISSUING PATENTS TO PUBLIC LANDS

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to revise the method of issuing patents for public lands (with an accompanying paper); to the Committee on Public Lands.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the House of Representatives of the General Assembly of the State of Illinois; to the Joint Committee on Atomic Energy:

"House Resolution 61

"Whereas it is proposed to locate an atomic energy laboratory engaged in research for the development of all phases of the energy, including military, in Du Page County, on approximately 4,000 acres of land now occupied by homes, farms, and forest preserve; and

"Whereas the Atomic Energy Commission did not hold a public hearing on this matter, thus depriving interested citizens of an opportunity to be heard; and

"Whereas the Department of Conservation of the State of Illinois has advised that the location of the laboratory would be a severe hardship on the residents of this area in that the laboratory would require millions of gallons of water from an area which is already in danger of a water shortage due to the rapidly receding water level; and

"Whereas the dispossession of residents of the land to be taken over would add an extreme hardship through increasing the already serious housing emergency already existing in the county; and

"Whereas the acquisition of the Du Page tract is entirely unnecessary because of the existence of a far more suitable location in nearby Elwood, Ill., on some 40,000 acres of Government-owned land formerly used as an ordnance plant and equipped with highways, water system, railroads, electricity, housing, and hospital facilities; and

"Whereas the location of such a plant in a more remote Government-owned area would provide a margin of safety not possible at the Du Page location and would result in saving millions of dollars of the taxpayers' money: Therefore be it

Resolved by the House of Representatives of the Sixty-fifth General Assembly of the State of Illinois. That we respectfully petition and urge the Congress of the United States to investigate the obvious advantages of locating the proposed laboratory in some Government-owned area in the hope that the Atomic Energy Commission may consider the desirability of using such a Government-owned or Government-controlled site; that a copy of this preamble and resolution be forwarded by the secretary of state to the President of the Senate, the Speaker of the House of Representatives, and each Illinois Member of Congress at Washington.

"Adopted by the house, May 14, 1947."

A joint resolution of the Legislature of the Territory of Hawaii; to the Committee on Finance:

"Senate Joint Resolution 9

"Joint resolution memorializing the Congress of the United States to provide for purposes of taxation of income, that damage caused by the tidal wave which hit the Hawaiian Islands on April 1, 1946, and the subsequent tidal waves or like marine disturbances may be deducted from income in installments over a period of 5 years

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States of America is most respectfully memorialized to provide that, for purposes of taxation of income, deductions for damage caused by the tidal wave which hit the Hawaiian Islands on April 1, 1946, and the subsequent tidal waves or other marine dis-

turbances of like nature may be deducted either wholly in the year in which such damage was suffered or in one-fifth installments over a period of 5 years.

"Sec. 2. Certified copies of this joint resolution shall be forwarded to the President of the United States of America, to the President of the Senate and to the Speaker of the House of Representatives of the Congress, to the Secretary of the Interior and to the delegate to the Congress from Hawaii.

"Approved this 16th day of May A. D. 1947.

"INGRAM M. STAINBACK,

"Governor of the Territory of Hawaii."

Petitions of members of the Tampa Townsend Club, No. 1; the members of the Tampa Townsend Club, No. 4, and the Zephyrhills Townsend Club, No. 1, all in the State of Florida, favoring the enactment of the so-called Townsend plan to provide old-age assistance; to the Committee on Finance.

A resolution adopted by the Board of Aldermen of the City of Chelsea, Mass., favoring the enactment of the so-called Taft-Ellender-Wagner bill, S. 866, to establish a national housing objective and the policy to be followed in the attainment thereof, to facilitate sustained progress in the attainment of such objective and to provide for the coordinated execution of such policy through a National Housing Commission, and for other purposes; to the Committee on Banking and Currency.

By Mr. O'CONNOR::

A resolution of the Senate of the Legislature of the State of Maryland; to the Committee on Finance:

"Senate resolution petitioning the United States Congress to investigate the operation of cooperatives particularly with reference to special privileges granted under tax exemptions

"Whereas the Senate of Maryland recognizes the tremendous growth of cooperative associations to be inimical to the American system of competitive enterprise; and

"Whereas it is the sense of the Senate of Maryland that danger to our free enterprise exists in the continued and accelerated growth of cooperative associations; and

"Whereas the Senate of Maryland recognizes that the impelling force and increasing power of these cooperatives emanates from the Federal law granting special privileges, particularly in tax exemptions; and

"Whereas no individual State has power far reaching enough to wholly correct the danger to our free institutions: Now, therefore, be it

Resolved by the Senate of Maryland. That the United States Congress is hereby requested to make a thorough and complete investigation and analysis of the effect of cooperatives on our competitive system of business, with a view to enactment of legislation found necessary or desirable to correct any evils found to exist under present laws; and be it further

Resolved. That this resolution be spread upon the journal of the senate and that the secretary be, and he is hereby, directed to send a copy of same to the President of the United States Senate, the Speaker of the House of Representatives, and to the Representatives from Maryland in both Houses of Congress."

A resolution of the Senate of the Legislature of the State of Maryland; to the Committee on Public Works:

"Senate resolution requesting the United States Public Roads Administration to construct a dual highway between Andrews Field, in Prince Georges County, and the United States Naval Radar Station, in Calvert County

"Whereas there is no direct route from Andrews Field, in Prince Georges County, to

the United States Naval Radar Station at Randle Cliffs, in Calvert County; and

"Whereas it is desirable that there be a direct and safe route between these two points; and

"Whereas such a highway will be of great value to the Government and also to the people residing in Washington and its vicinity who wish to visit the water front along the Chesapeake Bay: Now, therefore, be it

"Resolved by the Senate of Maryland, That the United States Public Roads Administration be, and it is hereby, requested to construct a dual highway between Andrews Field, in Prince Georges County, and the United States Naval Radar Station at Randle Cliffs, in Calvert County; and be it further

"Resolved, That this resolution be spread on the journal of the senate and that the secretary send a copy thereof to the United States Public Roads Administration and to each Representative in the United States Congress from Maryland."

A resolution of the Senate of the Legislature of the State of Maryland; to the Committee on Armed Services:

"Whereas the Navy has proposed the abandonment of the Indian Head powder factory and the erection of a similar plant in another section of the Nation; and

"Whereas it seems increasingly apparent that an economy program by the Congress and Federal Government cannot support such additional expenditures, as new facilities would cost an estimated \$6,000,000 but by an expenditure of approximately \$1,000,000 at Indian Head, the present plant could produce the latest types of powder; and

"Whereas there has been advanced no real reason why experimental work cannot be conducted as satisfactorily at Indian Head as at any other locale, and no other naval establishment is equipped to produce double-base powder but the Indian Head plant is 75 percent equipped to do so at present; and

"Whereas thousands of dollars would be lost to the community of Indian Head and vicinity should the removal of the Navy base be consummated; and

"Whereas such removal would work great hardship on the citizens and taxpayers of Charles County; and

"Whereas the people of Charles County have already delegated a special committee to consider and oppose the project of such removal: Now, therefore, be it

"Resolved by the Senate of Maryland, That the Members of the Maryland delegation in Congress be and they are hereby respectfully requested to give complete and thorough attention, immediately to the Navy's proposal for the termination of operations at Indian Head; and be it further

"Resolved, That a copy of this resolution be sent to each of the Members of the Maryland delegation, including the six Representatives and two Senators from Maryland; and another copy to the Secretary of the Navy, with a request for a full and open hearing on this proposal before the Navy Department and Congress."

UNIFORM MARRIAGE AND DIVORCE LAWS

Mr. CAPPER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted at the ninety-fifth annual convention of the diocese of Iowa, in which they express their approval of the principles and purposes of the constitutional amendment and bill to make uniform marriage and divorce laws of the various States, as introduced by me in the Senate.

There being no objection, the resolution was received, referred to the Com-

mittee on the Judiciary, and ordered to be printed in the RECORD, as follows:

DIOCESE OF IOWA, NINETY-FIFTH ANNUAL CONVENTION—RESOLUTION SUBMITTED BY THE COMMITTEE ON CHRISTIAN SOCIAL RELATIONS

Resolved, That this convention agrees with the principle and purposes of the constitutional amendment and bill to make uniform the marriage and divorce laws of the various States, as introduced in Congress by Senator ARTHUR CAPPER, and directs its secretary to notify him of this fact.

The above resolution supported and carried.

Rev. GEORGE C. WEISER,
Secretary.

FORT MADISON, IOWA.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. CAPPER, from the Committee on Foreign Relations:

H. R. 1179. A bill to aid in defraying the expenses of the seventeenth triennial convention of the World's Woman's Christian Temperance Union to be held in this country in June 1947; without amendment (Rept. No. 198).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. WHITE introduced Senate bill 1333, to amend the Communications Act of 1934, as amended, and for other purposes, which was referred to the Committee on Interstate and Foreign Commerce, and appears under a separate heading.)

By Mr. CAPPER:

S. 1334. A bill to enable the Secretary of Agriculture, through the Federal Extension Service, to cooperate with the land-grant colleges and universities in carrying out a program for the collection and dissemination of information with respect to the supply of, the need for, and the effective use of agricultural workers, and for other purposes; to the Committee on Agriculture and Forestry.

S. 1335. A bill to provide for the establishment of the Alcove Springs National Park in Marshall County, Kans.; to the Committee on Public Lands.

AMENDMENT OF COMMUNICATIONS ACT OF 1934

Mr. WHITE. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill which I send to the desk amending the Communications Act of 1934, and for other purposes.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred.

There being no objection, the bill (S. 1333) to amend the Communications Act of 1934, as amended, and for other purposes, introduced by Mr. WHITE, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

Mr. WHITE. Mr. President, I have just introduced a bill to amend the Communications Act of 1934. Because of the wide interest expressed in radio legislation, it seems appropriate to make a brief explanatory statement of the measure.

The bill is the result of more than 7 years of congressional investigations, studies, and hearings by committees in

both Houses of Congress, conferences, and discussions with representatives of large and small broadcasters and members of the Federal Communications Commission, as well as with experts and students of the problem. It has its immediate source in S. 1268, a bill introduced by Senator Wheeler in the Seventy-sixth Congress; in S. 1520, introduced by me in the Seventy-sixth Congress; in S. 814, introduced by me for myself and Senator Wheeler in the Seventy-eighth Congress; in recommendations of the Federal Communications Bar Association; in recommendations in the Report of the Attorney General's Committee on Administrative Procedure; and in court decisions.

The purpose of the bill is largely to clarify the meaning and intent of the existing act and to rectify some of the defects which have become obvious during the past 12 years of administration of the law. Broadly, it deals with:

First. Changes in the organization of the Commission designed to make it function more expeditiously and expertly.

Second. Modifications in functioning and procedure by the Commission to insure equality in treatment of applicants and licensees.

Third. Modifications in appellate procedure and provision for declaratory judgments.

Fourth. Equality of right and opportunity to use radio facilities in political campaigns and in discussion of public questions and separation of fact from editorial opinion.

Fifth. Further protection against censorship over programs or station operation by Government.

Sixth. Protection against monopoly by limitations on station ownership.

It should be emphasized that the bill should not be regarded as the answer to every question that has been raised. There may be much to be added and some to be subtracted. We shall have hearings, and all who have suggestions to offer will be heard, and their views will be carefully considered.

This much, however, I believe can be said. We are in great need of new radio legislation; the art is more than a quarter of a century old and has made gigantic strides technically, but is operating under law which for the most part is nearly 20 years old. Back in 1939, the late President Roosevelt commented publicly on the need for a reorganization of the Commission and new substantive law on the subject of communications. The Nation's broadcasters have made clear that they want new legislation; but even more important, the 140,000,000 people in this country who are the radio listeners are entitled to what I believe to be the benefits of this proposed legislation.

Mr. President, I now ask unanimous consent to have printed in the RECORD, as a part of my remarks, a statement I have prepared which explains in a section by section analysis the provisions of the bill I have introduced.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DIGEST AND EXPLANATION OF THE BILL
SECTIONS 1, 2, AND 3

Section 1 cites the titles of the act as the "Communications Act Amendments, 1947." Sections 2 and 3 amend section 3 of the present law to add a number of definitions and clarify the meaning of some existing definitions. These include the definitions of "broadcasting," "network broadcasting," "license," "station license," "radio station license," "broadcast station," "broadcasting station," "radio broadcast station," "network organization," "hours," "broadcast hours," "construction permit," "single broadcast band." Clarification of some of these terms, particularly the term "license," is made necessary because of a tendency upon the part of the Commission to treat what are in fact licenses, as instruments of a different character and lesser import, thereby making possible avoidance of compliance with procedural and appellate provisions of the act intended as safeguards against arbitrary administrative action, provisions necessary to be respected if orderly procedure is to be had. These definitions tend to insure that result.

SECTIONS 4 AND 5

Sections 4 and 5 amend sections 4 and 5 of the present law and modify the administrative set-up and functions of the Commission. Section 4 eliminates the provision giving the President authority to name the Chairman, thus conforming to the general practice in several other quasi-judicial agencies which annually elect their own Chairman. Section 5 would require separation of the Commission of seven members into two statutory divisions of three members each and clarifies the functions of the Chairman and the Commission.

Under the legislation proposed the whole Commission would have power and authority to adopt and promulgate any rule or regulation of general application required or authorized by the act, including procedural rules and regulations for the Commission and each division. The whole Commission would have plenary authority over amateur services, emergency services, maritime services, aircraft services, general safety services, the qualification and licensing of operators, the selection and control of personnel, the assignment of bands of frequencies to the various radio services and many other subjects and services, as at present. But the present judicial and quasi-judicial functions of the Commission would be vested in the proposed divisions insofar as those functions relate to the most important and controversial subjects within the present jurisdiction of the Commission.

Jurisdiction to hear and determine all cases arising under the act or regulations relating to broadcast, television, facsimile and kindred communications intended for public reception is vested in the Broadcast Division. Similar jurisdiction with respect to common carriers and communications intended for a designated addressee is vested in the Common Carrier Division. This plan not only recognizes the basic and fundamental difference between the two types of communications involved and the nature of the questions presented by each, but it also provides a method for obtaining proper consideration of those cases by persons who will be able to devote their time and attention to the questions committed to them without undue interruption or interference occasioned by the demands of basically different problems.

Under the plan proposed, the status of the chairman would be that of an executive officer and coordinator participating fully in all matters within the jurisdiction of the Commission except the determination and decision of contested matters which are

made the exclusive business of the divisions. Experience has amply demonstrated that the chairman cannot be expected to devote the time and attention necessary to the proper handling and disposition of these matters and also efficiently to discharge the many other duties which are unavoidably his under the act. As to these other duties, an attempt also has been made to clarify the status of the chairman and to make him, and him only, the official spokesman and representative of the Commission in certain important respects.

When the present act was before the Congress in 1934, the bill passed by the Senate provided for a mandatory separation of the Commission into divisions as is now proposed by this bill but this plan was later abandoned and the present Commission has been operating under a law which permitted but did not require it to organize itself into divisions. In recent years, the division plan has been entirely abandoned by the Commission and it seems obvious that such abandonment has operated to the detriment of orderly procedure and to wise administration and regulation. Students of this legislative problem are thoroughly convinced of the wisdom of the mandatory division plan for at least two important reasons. They recognize that there are fundamental differences in the two classes of communications; that rate making and public utility concepts are the very essence of private communications but have little, if any, application to communications with the public directly; that there has been a tendency upon the part of the Commission to confuse the two and to apply the same concepts and philosophies in the regulation of the two. This tendency must be avoided. Secondly, it is apparent that the subject of public or mass communications and the problems incident to the regulation thereof are so interesting and attractive that they draw public attention; that on the other hand, there is very little of news value or opportunity for publicity in the regulation of common carriers and this has had the result of centering the attention of the Commission and its personnel almost exclusively on broadcasting and related problems and of preventing the giving of sufficient attention to equally important problems relating to private communications.

The changes proposed in these two sections would bring about a much needed and desired separation of the judicial and regulatory functions of the Commission; would contribute to a sounder knowledge on the part of the commissioners of the communication problems committed to them; would make for orderly procedure and harmony of decision; and would speed up the disposition of cases before the Commission and the divisions thereof.

Definite authority is given to the Commission or to either division to assign or refer to an individual commissioner or to a body composed of an employee or employees, any portion of its work, business, or functions but with an assured right of review by the Commission or the appropriate division. This obviates the necessity for full Commission or division action in cases where this is not believed necessary. It should result in speedier consideration and decision.

SECTION 6

This section amends section 4 (k) of the present act and is intended to make more clear and definite what shall be contained in the annual report filed by the Commission. Briefly, the Commission is to furnish annually (1) information and data bearing on the problems of regulation of interstate and foreign wire and radio communication; (2) information on the general administrative operations of the Commission so that Congress may readily understand what the Commission has done or failed to do; (3) information concerning personnel employed during

the year and their experience, etc., and those resigned or discharged; (4) information in detail of all sums expended by the Commission, for what purpose and under what authority; (5) specific recommendations on necessary additional legislation and the reasons therefor.

SECTION 7

This section amends subsection (1) of section 303 of the present act and is designed to expressly limit the Commission's rule-making power with respect to stations engaged in chain broadcasting only to the physical and technical phases of regulation. It would limit the effect of the opinion of the Supreme Court handed down May 10, 1943, in the case of *National Broadcasting Company, Inc., et al. v. U. S. et al.* (319 U. S. 190) which generally has been considered as an example of judicial "law-making" of authority not granted in the act. It should be noted here that the Commission's chain-broadcasting regulations involved in this section are, in substance, made a part of this bill in section 19.

SECTION 8

This section amends subsection (j) of section 303 of the present act which gives the Commission authority to make rules and regulations requiring stations to maintain records of programs and similar technical details. The proposed new language is designed and intended to accomplish two purposes: (1) To enlarge in specific terms the requirement for certain types of information not originally provided for; and (2) to limit the authority of the Commission, now apparently exercised under the authority of section 303 (b), to require reports and information from licensees which are not necessary to carry out its regulatory function.

SECTION 9

This section amends subsection (d) of section 307 of the law which now provides that definite the existing language regarding allocation of licenses, frequencies, and hours of operation by the Commission. It is designed to bring about a fairer distribution of radio broadcast facilities in the country and at the same time discourage a policy which grants licenses wholesale simply on "demand."

SECTION 10

This section amends subsection (b) of section 307 of the present act to make more Commission action on renewals of licenses is limited to and governed by the same considerations and practices which affect the granting of an original license. The proposed new language would make the procedure in such cases conform in every particular to the procedure set out for original applications proposed in section 12 of this bill. It is designed to bring about orderly procedure under law.

SECTIONS 11 AND 12

These sections amend sections 308 and 309 of the present act. They are designed to make more definite and certain the procedure to be employed by the Commission in the exercise of its radio-licensing function. These amendments are made necessary by the restrictive character of the language in the present act and by the disposition of the Commission to give that language an extremely literal rather than a broad interpretation. The result has been to deprive applicants in many cases of the right to be heard before their applications are denied and also to deprive persons adversely affected by actions of the Commission an opportunity to be heard before the Commission.

Section 11 would make clear that all instruments of authorization granted by the Commission entitling the holders to construct or operate radio apparatus should, in general, be the subject of a written application. Provision is made, however, for authorizations in emergencies or in times of war without the filing of a formal application.

It is also proposed that the Commission may not, except as specifically provided in section 14 of this bill, modify or revoke an existing license and that no transfer proceedings may be utilized by the Commission for the purpose of disciplinary action designed to punish a licensee for his actions as such.

The amendments to section 309 contained in section 12 of this bill make clear that any person filing an application is entitled as a matter of right to have that application handled in a definite procedural way. This is not assured under present practice of the Commission. The procedure to be followed in the handling of applications is that which was successfully followed by the Commission for a considerable period of time pursuant to rules and regulations prescribed by it, but the method was abandoned on the apparent theory that the Commission was according to applicants and others in interest greater rights than those specified by the act. Since the right to notice and hearing is the very essence of orderly procedure, amendments which leave no doubt that such rights are secured are absolutely imperative. Specifically, the amendments proposed to section 307 will make it possible, as at present, for the Commission to grant any application without hearing if convinced that the statutory standard will be served thereby. But it will provide a method whereby any person who has the right to challenge the legality or propriety of such a grant by appeal from the Commission's decision can make his complaint first before the Commission—a guaranty which the present law does not contain. The proposed language makes clear who have rights, what their rights are, and exact procedural steps in accordance with recommendations of the Attorney General's Committee on Administrative Procedure.

SECTION 13

This section amends section 310 (b) of the present act to make certain that no station license granted by the Commission may be transferred without Commission approval, and makes definite the procedure to be employed by the Commission in passing upon the merits of such applications. The necessity for provisions of this character arises out of the failure of the present transfer section to refer to construction permits as well as licenses, and its failure to specify either the procedure to be employed or, with sufficient certainty, the standard to be accepted which controls the ultimate decision.

SECTION 14

This section proposes extensive revision of section 312 of the present act, which deals with revocation of licenses. The present law permits revocation by the Commission for false statements either in the application or in the statement of fact which may be required under the licensing provisions; or because of conditions revealed by such statements of fact as may be required from time to time which would warrant the Commission to refuse to grant a license on an original application; or for failure to operate substantially as set forth in the license; or for failure to observe any of the restrictions or conditions of the act or of regulations of the Commission authorized by the act or a treaty ratified by the United States. Thus, revocation is the sole administrative penalty in the case of violators ranging from the most serious to those who may innocently violate regulations of the Commission on technical matters.

It is believed that some method short of absolute revocation should be provided for lesser violations and at the same time make the section effective to deal with violations of all types, since understandably the Commission has been reluctant to proceed with drastic penalties for minor violations. Accordingly, it is proposed that for many of the less serious violations the Commission may undertake cease-and-desist procedures, carefully

spelled out, and subsequent violation of such a cease-and-desist order is cause for revocation. Revocation is also authorized for conditions coming to the attention of the Commission which would have warranted the Commission to deny a license originally. An additional provision is included dealing with modifications of licenses or construction permits by the Commission under a definite procedure which allows the holder a hearing, if he requests it.

SECTION 15

This section is a revision of section 315 of the present act, which deals with the use of radio stations for broadcasting in political campaigns. Section 15 of the present act merely provides that the Commission has no authority to require a licensee to permit the use of his station for a political campaign. In the proposed revision, that prohibition against the Commission remains, but it is provided that if the licensee does permit the use of his station for a political campaign, certain conditions and obligations shall obtain.

In brief, these conditions are as follows:

1. If a legally qualified candidate in any election, or a person designated by him, is permitted the use of a station for participating in a political campaign, then equal opportunity must be granted each of the candidate's opponents or persons designated by them. Similarly, if a person is permitted the use of a radio station in opposition to a candidate, then the candidate, or someone designated by him, must be given equal opportunity.
2. If an official of a regularly organized political party, or a person designated by him, is permitted to use a radio station, then the corresponding official of all other regularly organized political parties, or persons designated by them, must be given equal opportunity.
3. During a political campaign no station shall make facilities available for or against any candidate except to a candidate for the same office, or a person designated by him, or by a person designated by the responsible official of a regularly organized political party whose candidates' names appear on the ballot.
4. If any person is permitted the use of a station to speak for or against any public measure to be voted upon as such in an election, the licensee must afford equal opportunities and an equal amount of time in the aggregate for the presentation of each different view on the measure or question.
5. Political broadcasting or the discussion of any question to be voted upon shall not be permitted by a licensee for a period beginning 24 hours prior to election day and continuing throughout that day, in conformance with the rule governing general political advertising in newspapers.
6. Neither the licensee nor the Commission shall have any right to censor in any way any political broadcast, and the licensee is exempted from liability for any libel or slander by any person speaking under the provisions of this section.

The term "equal opportunities" is defined to make clear that it covers not only time and number of stations used but also cost, if any, for such use of facilities.

SECTION 16

This section amends section 326 of the present act which deals with the general subject of censorship. It is designed to make manifest and the subject of specific statutory declaration principles which should have been sufficiently clear from an examination of the present law in its entirety. Subsection (a) specifically states that the Commission is to have no power to regulate the business of the licensee of any radio broadcast station, except where that power is specifically conferred by the act itself. It is designed to prevent the elastic stretching of the words of the statute into tortured

constructions that go beyond congressional intent. Subsection (b) provides a more comprehensive prohibition against censorship than is now in the act and also makes clear that the Commission has the authority in any case where application for renewal of a license is made to examine the over-all operation of the licensee to determine whether or not the operation has satisfied the statutory standard.

It should be noted here that this section involves a most troublesome question. It is an axiom of administrative government, such as the quasi-judicial agencies, that some discretion must vest in the good judgment and common sense of the administrators. It is impossible for a statute to spell out every detail. And this is even far more difficult in the case of regulation of non-common carriers. It is virtually impossible to spell out specifically in a statute just what the public interest, convenience, and necessity means or does not mean. Therefore, regardless of what many well-intentioned and conscientious people may believe, the regulatory agency must be given some degree of authority to determine, case by case, whether there has been operation in the public interest, convenience, and necessity. One of the principal complaints against the Commission has been that it has interpreted the public interest in such manner as to discriminate between licensees. It has compelled licensees to vary, modify, or change program content or methods of doing business by withholding renewals, or by other methods without granting hearings and making specific charges or complaints. The Commission has no such power now; it was not intended to have such power, and this bill would not grant it such power. But as the regulatory agency, the Commission should have and does have the authority to grant or deny renewals of applications based on findings as to whether a licensee has operated in the public interest. So long as the licensee or applicant has a clear, definite, and orderly procedure to seek a final determination on the question in the courts, there can be no criticism of the regulatory function granted by the Congress.

The proposed language of this section does not take away the Commission's authority to make a finding whether or not a licensee has operated in the public interest; it is, in fact, affirmed. But it also makes clear that the Commission does not have the authority to tell a licensee, directly or indirectly, what he can broadcast or cannot broadcast, or how he should run his day-by-day business.

SECTION 17

This section adds two new sections to the Communications Act dealing with the discussion of public questions, sections 330 and 331.

It will be remembered that section 15 of this bill dealt with political broadcasting in a political campaign. Section 330 here proposed sets forth conditions governing broadcasting of public or political questions which do not fall within the purview of the political campaign broadcast section. It is proposed that if a licensee permits the use of his facilities for the discussion of any public question or issue, he must afford equal opportunities for the presentation of different views on the question or issue. "Equal opportunities" is defined as in section 15 so that all will have the same treatment, as to time on the air, the number of stations, cost, if any, and all other pertinent factors. It is obvious that some provision is necessary to meet the sharp criticism regarding lack of fairness and equality on the air that frequently has been expressed in recent years. This proposed language is intended to accomplish that result. It provides, of course, that neither the Commission nor the licensee shall have any authority to censor or alter what is being said, except that material advocating overthrow of the Government

by force or violence may be rejected by the licensee and he shall have the right to have a copy of the material to be broadcast in sufficient time to examine its contents.

The other proposed new section, section 331, provides that certain specific identification data be made known to the listening public in all cases of political broadcasts or discussions of public questions coming under sections 315 and 330. These identification data include not only the name of the speaker or speakers and the subject under discussion, but likewise the capacity in which the speaker appears—that is, whether on his own account as an individual, candidate, or public officer, or as the representative, advocate or employee of another; how the time for the broadcast was made available, and if paid for, by whom. However, in the case of a public officer, speaking as such, only the name of the speaker, the office held by whom the power of election or appointment is exercised is required as identifying data.

It must be obvious that the public has the right to know certain pertinent facts regarding a person who is seeking to convince them of particular views on important questions. Too often, advocates of a particular policy or issue have appeared under false colors; sometimes they have been politically beholden to the one for whom they spoke; other times they were employees of those espousing a particular course of conduct. But the listening public never knew the facts. This section is designed to bring these facts out in the open; it does not stop use of radio broadcasting; it merely provides for honest labeling.

SECTION 18

This section also proposes a new section to the act relating to identification of source in news items and discussions of public events over the radio. It provides that in the broadcasting of news items and in any analysis of or comment on current events, the source of the material shall be identified, and that editorial and interpretive comment on news shall be identified as such. It is designed to make clear to the listening public what portion of a so-called news broadcast is, in fact, news and what is its source—I. e., a news agency, the news staff or the radio station, or a special correspondent; and to separate the news from the editorial comment or interpretation or analysis. While there is no requirement in this section that those who broadcast news reports and commentators shall be identified in the detail required in political broadcasts, this section is intended to give the listening public an opportunity to know what is fact and what is the editorial opinion or interpretation by a speaker.

One of the largest radio networks already has undertaken to follow this policy and is worthy of commendation for it. It is common knowledge that in many so-called news broadcasts not even the most discerning of listeners is able to separate fact from opinion. The factual news is so interlarded with comment, personal viewpoint, and interpretation that the listener is hardly aware when he is hearing fact and when he is hearing opinion. There is no desire to prevent the broadcasting of opinion or comment; many listeners appreciate and even value the particular individual viewpoint of a particular commentator and they would not be deprived of that interpretation. It should be emphasized that the proposed section is not a limitation on free speech and cannot be so construed or interpreted. It does not limit access to the radio by any speaker, analyst, or commentator; it does not limit or modify in the slightest degree what he may say. It does require honest labeling and identification. It is designed to bring into general operation in the industry a policy which will avoid distortion of the news, to separate fact from fancy, to make news reporting over the radio as factual as

possible without at the same time interfering with the right of free speech.

SECTION 19

This section proposes a new section, section 333, to the Communications Act, relating to chain broadcasting and station ownership.

It proposes positive and unequivocal statutory prohibitions against certain contractual relationships between the licensees of broadcast stations and network organizations and on ownership of radio stations. It should be emphasized that such prohibitions, in generally similar terms, are presently in effect, but as rules and regulations of the Commission, and have been conformed to by all licensees. But there is a serious question whether or not the regulatory agency had the statutory authority to make such rules. This section would make clear that the Commission has no power either over the subject of the contractual relationship between stations and networks or over limiting ownership of stations and reaffirms the power and authority of Congress and law.

More specifically, the so-called network regulations promulgated by the Commission would be rendered inoperative and the decision of the Supreme Court of the United States in the case of *National Broadcasting Co., Inc., et al. v. U. S. et al.*, decided May 10, 1943, would be made inapplicable to section 303 (1) of the act as proposed to be amended by section 7 of this bill. These limitations on contractual relationships between licensees and network organizations are aimed at preventing the continuance of certain practices, which, in the opinion both of the regulatory agency and most independent radio-station operators, have proved inimical to the individual licensee and to broadcasting generally. They are designed to free the individual licensee from contractual restrictions imposed by networks because of the latter's superior bargaining position. They are not intended to be and should not be construed as a condemnation of networks or of the normal station-network relationship which has been beneficial in many respects. These limitations are phrased in such a manner as to be well understood by the industry and are in substance such that they will lend themselves to speedy and convenient compliance.

Of the several prohibitions, it is believed that only two require some explanation. The first is in paragraph 1 which is designed to prevent a network from requiring a station to carry only the programs of that network.

It would permit any station to carry the programs of any network on time which is not contracted for, and in the case of contractual option provisions, to carry such programs in event the option has not been exercised. The effect is simply to permit a station to sell that portion of its unused option time to a second network, but subject to the initial option. The restrictions contained in paragraph 4 relate only to option time and would not prevent any station from carrying as many network programs as it deems necessary in the service of its listening public. The restrictions would, however, operate as a limitation both upon the time which any one network may option from any one station, and upon the time which any station may option to all networks.

Subsection (b) prohibits the ownership or operation of more than one network by any person or corporation. This prohibition has been in force for several years by Commission rule and regulation and it is merely proposed that Congress and the law shall make this prohibition rather than the Commission through broad interpretation of the statute.

Subsection (c) proposes that 1 year after the enactment of the bill, the Commission shall not permit any person to own or control in the same area more than one broadcast station in any single band nor may any person own stations in any single band

which in the aggregate give a primary service to more than 25 percent of the total population of the United States.

It is important to note two sets of facts in connection with the proposed limitations on ownership:

First, the Commission by rule and regulation already has banned the ownership by one person of more than one station serving substantially the same area or the ownership of more than six frequency modulation stations or five television stations. Moreover, it has indicated in a recent hearing that it does not look with favor on the ownership of more than six amplitude modulation stations by one person. While the Commission has apparently issued such rules under its own broad interpretation of public interest, convenience, and necessity, it is proposed by this bill that Congress itself, through the statute, lay down the policy rather than permit so important a policy determination to be made by administrative edict.

Secondly, it should be emphasized that Congress is here dealing with a field which has a natural restriction of its own; the frequency bands are not limitless and will accommodate only a limited number of users. It is obviously poor public policy to permit a field already limited by natural law to be monopolized by a relatively few users. It is axiomatic in a free democratic society that competition not be restricted by statute and that monopoly be avoided. This policy is doubly important in an art so heavily invested with public interest as is radio broadcasting.

It should be pointed out that these proposed limitations on ownership are not burdensome and will work no great hardship on existing licensees who own more than one station. Each licensee would be permitted to own in each field—amplitude modulation, frequency modulation, television, and facsimile—that number of stations which serve up to one-fourth of the 140,000,000 people of the United States. While the right to the "eyes" and "ears" of 25 percent of the total population may be criticized as a step in the direction of monopoly, actually no one licensee will have or can have the exclusive privilege of the "eyes" and "ears" of that number of people in view of the multiplicity of stations in the major population centers of the Nation.

SECTION 20

This section proposes a new section 334 to the act and prohibits the uttering of indecent language or the making of false accusations or charges by means of radio communications. The prohibition against indecent language is presently in the law (section 326) but has been shifted to a new section as a matter of clarification. The only new language is the prohibition against false accusations or charges.

SECTION 21

This section adds a new subsection to section 401 of the present act to provide for the issuance of declaratory orders. A recommendation advocating declaratory orders by administrative quasi-judicial agencies was made in the Report of the Attorney General's Committee on Administrative Procedure in Government Agencies in 1941 but the policy has not been adopted by many agencies and specifically not by the Federal Communications Commission. One of the criticisms of governmental procedure, particularly that of the regulatory agencies, is that in order to test the legality, or even the meaning of a regulation or rule, it is necessary to violate it and incur penalties. This results in a particularly difficult situation in the case of radio broadcasting, involving as it does highly technical and specialized rules applicable to engineering and other specialized equipment, and may, in many cases, actually jeopardize the license itself thus putting the licensee out of business. It is proposed, therefore, that the Commission issue declara-

tory orders in cases of actual controversy arising under any provision of the act, upon petition, and after notice and opportunity for hearing. This would make unnecessary incurring the risk of violating the law in order to secure an authoritative ruling. Such orders would, of course, be subject to judicial review.

SECTION 22

This section deals with the subject of judicial review of the Commission's decisions and orders and amends the present section 402 of the act. While this and the next two sections proposed are somewhat technical because they involve legal procedure, they are among the most important proposals of this bill in attempting to make clear, definite, and orderly the procedure both before the Commission and the courts.

Subsection (a) deals with judicial review of Commission orders by specially constituted three-judge courts. It substantially restates existing law with needed clarifications, except that a provision is inserted that would give parties plaintiff, other than the Government, an option of venue for such suits, either in the appropriate United States district court or in the United States District Court for the District of Columbia.

Subsections (b) through (j) deal with the subject of judicial review of decisions and orders of the Commission entered in the exercise of its radio licensing function. Since the changes in existing law which would be effected by the enactment of these subsections are several and substantial, detailed consideration follows.

Subsection (b) attempts a more precise and comprehensive definition of the jurisdiction of the United States Court of Appeals for the District of Columbia in cases appealed from the Commission. The language of this subsection, when considered in relation to that of subsection (a), also would make clear that judicial review of all cases involving the exercise of the Commission's radio licensing power is limited to that court. Under present law confusion and controversy has arisen concerning what decisions and orders of the Commission might become the subject of judicial review and in what court. This has been carried to the point where the time and effort of both litigants and courts have been too much taken up with jurisdictional problems rather than the merits of particular cases. This subsection is designed to obviate this difficulty.

Subsection (c) deals with the time for and the manner of taking an appeal from the Commission to the United States Court of Appeals for the District of Columbia, and the duty of the Commission with respect to the filing and certification of the record in the event that such an appeal is taken. The appellate period is made 30 rather than 20 days as at present and provision is made that the appellate period will run from date of entry of the order appealed from rather than its effective date. This subsection also definitely fixes and prescribes the nature and extent of the jurisdiction of the appellate court after a notice of appeal has been filed, and confers upon that court, by specific language rather than by inference, authority to grant temporary relief, which may be either affirmative or negative in its scope and application.

Subsection (d) would continue in effect, substantially, the provisions of section 402 (c) of existing law. It does, however, propose to settle certain ambiguities. The Commission would be compelled to file with the court both the record and its written decision within a period of 30 days after the filing of an appeal. Present provisions of law are susceptible of an interpretation which would require the filing of the Commission's decision 30 days after the filing of the record.

Subsection (e) is a redraft of section 402 (d) of existing law with minor clarifying amendments.

Subsection (f) specifically confers upon the appellate court the right to fix by rule the material to be included in any record upon which an appeal is to be heard and determined. While this is now the practice of the United States Court of Appeals for the District of Columbia, questions have arisen concerning that court's power to take such action due to the peculiar language of the statute. This appears to be a matter which obviously should be clarified.

Subsection (g) restates existing law found in section 402 (e) of the act insofar as that section deals with the duty and functions of the appellate court in arriving at its decision. It should be observed that the jurisdiction of the appellate court is limited to questions of law and that findings of fact by the Commission, if supported by substantial evidence, are conclusive, unless it appears that such findings are arbitrary or capricious.

Subsection (h) contains provisions which are intended to confer upon the appellate court a measure of control commensurate with the dignity and responsibility of that tribunal, requiring the Commission to give effect to the judgment of the court in the absence of proceedings to review.

Subsection (i) carries forward without change provisions of section 402 (f) of existing law relating to the assessment of costs on appeal.

Subsection (j) provides that in a limited class of cases appeals may be taken directly and as a matter of right to the United States Supreme Court. Under present law review by the Supreme Court of decisions of the United States Court of Appeals for the District of Columbia is limited to certiorari proceedings and to certification by the court of appeals. Experience has clearly demonstrated that it is extremely difficult for private litigants to secure an ultimate Supreme Court review of Commission action by the certiorari method. Since 1927 only one such petition has been granted upon request of a private litigant, whereas only one such petition has been denied when filed by the Government. The result has been that many cases involving Commission action on applications for renewal and modification of license have during this period of 20 years been reviewed by the Supreme Court upon request of the Government and only one has received such consideration upon petition of a private litigant. Since either revocation or renewal proceedings may result in absolute or final loss of license, it is believed that adequate opportunity should be given the parties affected in such cases to litigate their claims; and that in this limited class of cases opportunity should extend to and include review by the highest judicial tribunal. Such appeals, as a matter of right, are given in practically all cases involving decisions and orders of the Interstate Commerce Commission and are given under section 402 (a) of the Communications Act in cases which involve the exercise by the Commission of its legislative, as distinguished from its judicial, powers.

SECTION 23

This section amends section 405 of the present act to conform rehearing procedure before the Commission to the changes in the administrative organization of the Commission proposed in section 5 of this bill. It also would make more definite and certain the rights and remedies of interested parties in this, the final stage in the administrative process.

Provision is made for delaying the effective date of any decision, order, or requirement made in any case which is the subject of petition for rehearing until after final decision upon such petition. This section also is designed to eliminate doubt now prevalent concerning when a petition for rehearing

must be filed before judicial review of the Commission's order can be had. Under the provisions proposed here, the petition for rehearing will not be a condition precedent to judicial review except where the party seeking such review was not a party to the proceedings before the Commission resulting in such order or where the party seeking such review relies upon questions of law or fact upon which the Commission has been afforded no opportunity to pass. It should be emphasized here that the principal justification for the establishment and maintenance of administrative agencies is to afford parties in interest an opportunity to present their claims and have them originally determined in an orderly fashion without recourse to the courts, when possible. Under the provisions of existing law these salutary principles have not always been followed by the Commission. The situation requires correction, and it is believed that this section will accomplish that result.

SECTION 24

This section proposes an amendment to section 409 (a) of the present law dealing generally with hearings before the Commission. It is designed to make definite and certain the procedure to be employed by the Commission in all cases where a public hearing is required by the act or other applicable provisions of law.

It would appear clear that in any adversary proceeding where a public hearing is required, an opportunity should be afforded all parties in interest to appear before and present evidence to the persons charged with the responsibility of making an initial determination. Such action not only is necessary to proper administration but to confidence in the agency itself. Under present Commission practice such an opportunity may or may not be given. It also must appear clear that before any final decision is rendered, all parties whose rights are to be affected should be given an opportunity to present their views concerning the points at issue to the authority charged with the final or ultimate decision. Again, under present practice by the Commission, such an opportunity may or may not be afforded.

Thus, the procedure employed by the Commission has led to a great deal of controversy and there has been a decided lack of uniformity both in the handling of such matters and the character of reports submitted by the hearing officer. The language here proposed would require not only the submission of a uniform type of report setting out in detail and with particularity all basic or evidentiary facts developed as a result of the evidence taken but also conclusions of fact and law upon each issue submitted for hearing. It also would make mandatory the hearing of oral argument by the Commission or the Division having jurisdiction of any case upon request of any party before the entry of a final order. The Commission or Division also would be required to accompany any final order with a full statement in writing of all the relevant facts as well as conclusions of law upon those facts. The adoption of this section would give statutory recognition to a procedure whereby the parties in interest in adversary proceedings before the Commission may secure a full and fair hearing as that term has been defined by the Supreme Court in the Morgan cases. That is the minimum which parties having business before the Commission have the right to expect.

In this section, an attempt has again been made to conform to the recommendations of the Report of the Attorney General's Committee on Administrative Procedure. The proposed new language is wholly consistent with those recommendations and the legislation that has resulted from them.

SECTION 25

This section proposes a new section to title IV of the act, section 418, dealing with

discrimination. It would prohibit the Commission from taking any action which may result in discrimination between persons based upon race, or religious or political affiliation, or kind of occupation, or business association. Among other things this section would prevent the Commission from adopting any rule, regulation, or policy which, for example, denies radio broadcast licenses to newspapers. It also would prevent the Commission from holding certain applications, or classes of applications, in an inactive status and, in general, prevent the denial, in whole or in part, of any right, privilege, benefit, or license where adequate right or entitlement is shown.

RENT CONTROL—AMENDMENTS

Mr. CORDON submitted amendments intended to be proposed by him to the bill (S. 1017) providing for the temporary continuation of rent control, transferring rent control to the Housing Expediter, providing for creation of local advisory boards on rent control, and for other purposes, which were ordered to lie on the table and to be printed.

SCHOOL BUILDING IN MOCLIPS, GRAYS HARBOR COUNTY, WASH.—CHANGE OF REFERENCE

Mr. TAFT. Mr. President, on May 20, 1947, the bill (S. 1318) to provide funds for cooperation with the school board of the Moclips-Aloha district for the construction and equipment of a new school building in the town of Moclips, Grays Harbor County, Wash., to be available to both Indian and non-Indian children, was introduced by the Senator from Washington [Mr. CAIN] and referred to the Committee on Labor and Public Welfare. At the request of the author of the bill, and because it deals with Indian affairs, I ask unanimous consent that the Committee on Labor and Public Welfare be discharged from the further consideration of the bill and that it be referred to the Committee on Public Lands.

The PRESIDENT pro tempore. Without objection, it is so ordered.

HOUSE BILL REFERRED

The bill (H. R. 3348) to declare the policy of the United States with respect to the allocation of costs of construction of the Coachella division of the All-American Canal irrigation project, California, was read twice by its title, and referred to the Committee on Public Lands.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 23, 1947, he presented to the President of the United States the enrolled bill (S. 854) to amend section 502 (a) of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes."

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MEETING OF INTERSTATE AND FOREIGN COMMERCE SUBCOMMITTEE

Mr. REED. Mr. President, I ask unanimous consent that the Senate Interstate and Foreign Commerce Subcommittee having before it Senate bill 249 be permitted to sit this afternoon.

The PRESIDING OFFICER. Without objection, consent is granted.

CONTINUATION OF CERTAIN WAR POWERS—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 266)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read and referred to the Committee on the Judiciary.

(For President's message see today's proceedings of the House of Representatives on pp. 5734-5735.)

MRS. ROSCOE C. O'BYRNE, PRESIDENT GENERAL, DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. CAPEHART. Mr. President, this is a happy day for the Hoosier State.

That great organization—the Daughters of the American Revolution—has chosen an Indiana woman for its president general.

I want to take a moment to tell the Senate that Indiana is proud of Mrs. Roscoe C. O'Byrne, of Brookville, Ind., the new leader of the DAR.

Mrs. O'Byrne, Indiana's first president general of the DAR since 1902, is a very gracious and capable lady. She won her national mark in the organization while serving recently as the national registrar general.

I am happy to have this opportunity to pay due tribute to a woman of whom all of Indiana is justly proud.

STATEMENT BY SENATOR O'CONOR ON JURY SERVICE IN UNITED STATES COURTS

Mr. O'CONOR. Mr. President, I request unanimous consent to insert in the body of the RECORD a statement I have issued relating to certain pending proposals affecting the rendition of jury service in the courts of the United States.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR O'CONOR REGARDING S. 17, S. 18, AND S. 19

Because of their far-reaching importance I suggest that Members of this Congress should give studied attention to several bills relating to jury service in the Federal courts. The bills now pending before the Judiciary Committee (S. 17, 18, and 19) are designed to strengthen greatly one of the fundamental bulwarks of our democracy.

They are the products of intensive and highly skilled study by distinguished members of the Federal judiciary and are sponsored by the Chief Justice and the senior circuit judges of the United States. They have the support of the Attorney General and many of the trial judges on the Federal district courts whose daily work it is to administer the jury system. In addition, the measures have been carefully examined and approved by many of the Nation's leading lawyers and bar associations. It is not often that we find such unanimity of informed opinion in support of change in the laws

dealing with so fundamental a subject, and for this reason, if for no other, the bills should receive the careful consideration of every Senator.

Together they constitute part of an overall effort on the part of the judiciary to improve the administration of justice at the point where it most directly touches not only those who are members of the legal profession, but also, and most important, the lives of the average citizen. For the quality of Federal justice, and consequently the welfare of all litigants, depends to a very large degree upon the jurors who are called to decide the issues presented by the cases that are the routine business of the courts. It is axiomatic that many citizens whose only contact with the courts arises from their call for jury duty will, from that experience, form basic opinions regarding the efficiency of the judicial process. It is, therefore, incumbent upon judges and legislators to see to it that the system of jury selection is the best that we are able to devise.

The framework which these bills propose is a long stride toward this goal. The committee of district judges which formulated them after 2 years of study has stated its objective in an extensive report as follows: "Jurors to serve in the district courts of the United States should be drawn from every economic and social group of the community without regard to race, color, or politics, and those chosen to serve as jurors should possess as high a degree of intelligence, morality, integrity, and common sense as can be found by the persons charged with the duty of making the selection." Following this indisputable objective, the committee of judges presented a number of definite and highly constructive recommendations for action to improve the present system. Among them are the three highly important measures which are now under consideration and which cannot be made effective without congressional action.

The primary proposal, Senate 18, establishes for the Federal courts, uniform qualifications for jurors called to serve in those courts. It thus frees the Federal courts of the present requirement that in selecting jurors they must follow the qualifications prescribed by the laws of the State where the Federal district court sits. The proposed change would make all adult citizens eligible for both grand and petit jury service except those who have been convicted of a felony or misdemeanor involving moral turpitude, or who lack knowledge of the English language or who have disqualifying physical or mental infirmities. It exempts from service members of the armed forces on active duty, and it permits those who have served as jurors within a year, or who are public officers of the United States or of the States to claim exemption.

Under its broad provisions, women are eligible for jury duty to the same extent as men. There will thus be made available for this important civil duty, great sections of the community, many of them excellent and willing citizens, who heretofore have been excluded from juries by the exemptions and disqualifications that still exist in many of the States. The committee of judges found at least 68 general classes of exemption of this sort, covering so wide a range of business, professional, and trade groups that they inevitably prevent the calling of a jury that is truly representative of the community, and they often limit jury duty to those who are least qualified to serve. Discretion would be vested in the judge to excuse from jury service those whose service would cause undue hardship.

Senate 17, dealing with the jury commission, is designed to supplement and effectuate the qualifications stated in S. 18. It makes definite an agency of judicial administration

that has been for many years in an uncertain and ill-defined condition in the Federal statutes. Fundamentally, it places the ultimate responsibility for the direction of jury selection squarely upon the presiding district judge, who, because of his intense interest in the efficient and just decision of cases, is by all standards best qualified to supervise it.

Under the court's direction, a jury commission, consisting of the clerk and one other commissioner appointed by the court, are to choose from the eligible citizenry, "without reference to party affiliation" those qualified persons "who in their opinion are intelligent, honest, fair minded, of good reputation and capable of rendering satisfactory service," and to keep suitable records regarding them. At least 300 of the names thus selected will be put in a wheel or box for drawing by lot each time a panel of jurors is needed. The bill provides that in selecting names, the jury commission may require the persons under consideration to answer a questionnaire, or to respond to a personal interview to determine whether or not they are qualified.

These procedures have been found to be extremely valuable in preventing the unnecessary calling of persons who are not eligible or who will, in any event, be excused because of the necessities of their occupation, their financial condition, or in the public interest. One of the features of the bill is the provision which it makes for the appointment in metropolitan districts, where the court and the judicial conference thinks it essential, of salaried jury commissioners who will devote full time to their exacting duties. In the ordinary rural district, where the court business is not so heavy, the bill contemplates part-time commissioners who are to be paid a moderate per diem for the days upon which they work.

Senate 19 relates to the compensation of jurors. It continues the present meager \$4 per day fee for jury service, but, in addition, it permits payment of not over \$2 per day for actual travel and subsistence expense. At the present time most Federal courts pay round-trip travel expenses to jurors who reside outside of the locality where the court sits, but this is limited to only one trip a week, and for jurors who remain overnight at the place of holding court, there is no provision to pay the expense of subsistence or lodging except the \$4 which they receive as compensation for their jury duty. This results in real financial hardship, particularly in these days of high food and hotel prices. Under the bill, expenses for daily travel home or, where that is impracticable, an allowance for subsistence, not to exceed in any case \$2 a day will be provided to alleviate the hardship.

The new law would also permit a judge to allow jurors compensation up to \$10 a day if they are required to serve at a single trial which lasts over 30 days. Such long trials now result in severe financial loss to many jurors, and the amount allowed is small recompense for the loss of income or even employment which sometimes follows.

In these times of troubled international and domestic conditions, we often overlook those of our institutions which are best adapted to insure justice, peace, and tranquility at home, and respect for our way of life from abroad. A great danger lies in the passive assumption that all is well with our courts. The judiciary, acting under the authority of the Congress, has shown itself to be alert to this danger.

These three proposals to reform the jury system will establish standards of jury administration which, under the wise guidance of carefully selected judges, will insure to our citizens their right to have their cases tried by a fair, impartial, and intelligent jury of their peers. As such, the measures will improve the Federal courts, and at the time

serve as examples which the States and other nations may well follow. In this they are similar to the highly successful Federal Rules of Civil and Criminal Procedure, recently made effective under the authority of the Congress by the United States Supreme Court. It is our plain duty to strengthen the judicial structure by promptly enacting these bills into law.

Our citizens are justly proud of the high standards being maintained in our Federal judicial system. This highly desirable situation is due, in no small measure, to the efficiency, integrity, and zeal of our Federal judges and other court officials.

It is our duty to afford this branch of our Government every facility to bring about continued satisfactory operation of this important work.

It is for this reason that I favor the passage of the three proposals which have been referred to in this statement.

THE VOICE OF AMERICA—EDITORIAL FROM THE WASHINGTON TIMES-HERALD

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks an editorial entitled "Voice of What?" published in the Washington Times-Herald of May 22, 1947. I ask Senators to examine it. I think they will find many things in the editorial that are very interesting.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

"VOICE" OF WHAT?

"Conducted by a group of pro-Communist fellow travelers and muddleheads, they fill the ether with tons of material favorable to the Soviet Union and the Communists, or just plain twaddle."

The quotation is from a recent speech in the House by Representative FRED E. BUSHEY, Republican, of Illinois, about the Voice of America.

This alleged American voice is the State Department's radio set-up, under Assistant Secretary of State William Benton, for the broadcasting of United States promotion stuff to other countries, including Russia.

When the State Department asked recently for thirty-one-million-and-some-odd dollars to keep the voice prattling for another year, the House cut the request by exact 100 percent.

Representative KARL E. MUNDT, Republican, of South Dakota, is now backing a bill to let the voice go on talking, but on a reduced budget and under a management from which the FBI would have carefully sifted out all Communists, fellow travelers, and other subversives.

When you consider that these broadcasts reach few if any people in gagged and ear-plugged Soviet Russia, the whole project seems pretty futile, even though Generals Eisenhower and Marshall and various other prominent persons think it is a fine thing.

If we must have the voice, though, it certainly should be Edgar Bergen'd by Americans whose loyalty is unquestionable. That has not been happening under the Benton management to date.

Benton's three top assistants in charge of the Voice of America broadcasts have been Messrs. William T. Stone, Haldore E. Hanson and Charles A. Thomson.

Stone is an ex-member of the editorial board of Amer-Asia magazine, which has printed large amounts of pro-Russian copy. Hanson was for long a soldier of fortune in China, where his best friends and confidants were Chinese Communists. He was shifted

hurriedly to another State Department niche when the congressional heat was turned on the "Voice." Thomson has had considerable to do with production of pro-Communist movies, and is on record with some loud praises of the Communists' activities in the Spanish civil war.

Many of Benton's lesser helpers were inherited from Archibald MacLeish's and Elmer Davis' old Office of War Information, which was notorious for its high percentage of Red and fellow-traveler employees.

Benton says he was unfamiliar with most of the "Voice" program contents. The answer to that is, we'd say, Then what are the taxpayers paying Benton his \$10,000 a year for? To sit around and look pretty?

We'd suggest urgently that if Congress keeps the Voice of America alive at all, it at least insist on a personnel clean-up from top to bottom; and if it wants to start with Benton himself we don't expect to object.

THE CONVICTION OF CARL ALDO MARZANI

Mr. McKELLAR. Mr. President, on yesterday I read with much interest the newspaper account of the trial of a man by the name of Carl Aldo Marzani, former employee of the Office of Strategic Services and State Department, who yesterday was convicted by the District Court on all 11 counts of an indictment which charged that he had falsified about his Communist connections to get on the Federal pay roll.

The case was tried before Judge Keech and a jury, and the newspaper article said that the jury was composed of white and colored members.

Mr. President, I want to take off my hat to this court and jury. The result shows the great value of the age-old system of trial by jury. According to the newspaper accounts—and I followed them very closely; I hardly know why—the evidence was ample to sustain a conviction, and the jury did its entire duty. The fact that a part of the jury were colored pays high tribute to the jury trial system, and I wish to commend each and every member of the jury for his or her upstanding Americanism as shown by verdict. We have too many Communists in high position now in this country, and we ought to get rid of them in all our Government departments. Again I wish to commend the outstanding Americanism and honesty and uprightness of this Washington jury, composed of both white and colored members.

Mr. President, I do not wish to be understood in the slightest degree as endeavoring to interfere with the orderly course of the administration of justice in any step which may have been taken in this case, but I simply want to express my approval of what was done by this very patriotic and splendid judge, and by the jury composed of two of the great segments of our people.

AMERICAN LIBERALISM FACES THE FUTURE—ADDRESS BY SENATOR MURRAY

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address entitled "American Liberalism Faces the Future," delivered by him at the annual dinner of the Liberal Party of New York State in Brooklyn, N. Y., May 21, 1947, which appears in the Appendix.]

STATEMENT BY SENATOR MYERS ON
INTERIOR DEPARTMENT APPROPRIATIONS

[Mr. MYERS asked and obtained leave to have printed in the RECORD a statement made by him before a subcommittee of the Senate Committee on Appropriations, regarding House bill 3123, making appropriations for the Interior Department for the fiscal year ending June 30, 1948, which appears in the Appendix.]

PENDING LABOR LEGISLATION—ADDRESS
BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address on "A Pro-American Labor Law," to be delivered by him over ABC national network, May 23, 1947, at 4 p. m., which appears in the Appendix.]

STATEMENT OF LIBERALISM

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a statement setting forth a standard of political conduct for those who believe in liberalism or progressivism, which appears in the Appendix.]

UPSTREAM ASPECTS OF THE MISSOURI
BASIN—STATEMENT BY JOHN W.
SPENCER

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a statement entitled "Upstream Aspects of the Missouri Basin," by John W. Spencer, regional forester, United States Forest Service, Denver, Colo., before the Missouri Basin Inter-Agency Committee at Cheyenne, Wyo., January 16, 1947, which appears in the Appendix.]

A REPUBLICAN CONGRESS SHOULD TAKE
ACTION ON THE PRESIDENT'S ECO-
NOMIC REPORT

Mr. MORSE. Mr. President, I rise today for the purpose of discussing what I consider to be one of the most important documents of the postwar period, a document which represents the first effort of our Government since the end of the war to come to grips with the problem of preventing a future depression, a document which has been widely discussed throughout the country, a document which, so far as the Congress is concerned, is filed, forgotten, and forlorn. I believe the document bears a very close relationship to the legislation now pending before the Senate, because it seems to me that an intelligent solution of our economic problems which threaten a future depression must be considered by the Congress before it takes final action on any tax measure.

I refer, of course to the economic report of the President transmitted to the Congress on January 8, 1947, in accordance with section 3 (a) of the Employment Act of 1946.

The big question before the world today, Mr. President, is whether World War II is to be followed by another period of boom and bust—a period that will lead once again to world-wide depression, bitter economic conflicts among nations, and perhaps to war itself. After the last war, instead of contributing to the development of a healthy world economy, America became a sore spot which infected every other country. Immediately after the war we had a wild inflation, then a brief depression. Then followed the seven fat years of the great American boom—a boom which culminated in the greatest economic collapse in our history.

Today the whole world is looking anxiously toward America—anxiously and, I am ashamed to admit it, somewhat skeptically. All the countries of the world know that another depression in America will sweep like wild fire around the globe and put an end to all our dreams of fruitful cooperation among nations. All the other countries in the world are afraid that we have not learned our lesson, that we have failed to read the history of the past and that sooner or later the American economy will collapse.

It was to avoid this danger that the Congress of the United States in February of last year enacted the Employment Act of 1946. The purpose of this act was to establish machinery whereby the President and the Congress could work together in developing an effective and prudent program for maintaining useful employment opportunities for those able, willing, and seeking to work, and for promoting maximum employment, production, and purchasing power.

This act, Mr. President, was passed after intensive hearings and considerable debate in both Houses of Congress. It represented a synthesis of many opposing views and as such was not regarded as a perfect document either by those who had originally sponsored the measure or by those who had opposed it in its original form.

But all of those Members of Congress, Mr. President, who were connected with the legislative activities on this measure were convinced that the administration of the act was far more important than the wording of any section or clause.

The act provided that at the beginning of each regular session the President should transmit to the Congress a new type of document entitled the "Economic Report." While the act attempted to set forth in considerable detail the scope and content of this Economic Report, the question in the minds of those who voted for the act were: "How well will the President live up to this mandate? How effective an economic report will he really transmit to the Congress?"

The act set up a new agency of government—a Council of Economic Advisers. This Council, composed of three qualified economists was to assist and advise the President in the preparation of the Economic Report. The questions in our minds, Mr. President, were, Will the President appoint competent men to this Council? Will the Council operate as an effective advisory board or will it be merely another bureaucratic appendage of the Federal Government?

We have now had before us for more than 4 months the Economic Report of the President. This report was prepared according to President Truman's letter of transmittal, with the advice and assistance of the Council of Economic Advisers, members of the Cabinet, and heads of independent agencies. Through it, in accordance with the act, the President has undertaken a comprehensive review of the economic health of our country. In it, he has submitted an over-all economic program for the Federal Government.

This report, Mr. President, provides a basis for appraising the extent to which

President Truman has or has not been successful in carrying out the declaration of policy set forth by Congress in the Employment Act of 1946. It provides a basis for judging the performance of the Council of Economic Advisers.

But it represents much more than a basis upon which the President may be judged. It represents a challenge to the Congress. In particular, it constitutes a challenge to the leaders of the Republican Party.

In submitting this Economic Report to the Congress the President has shown where he stands. The question now before the people is, "Where does the Republican Party stand?"

Mr. President, this challenge must be met squarely. It cannot be dodged. It must be met by our telling the American people exactly where we stand and why we stand where we stand.

Where the proposals of the President are sound, we must back him up to the hilt. Where we believe the President's proposals are wrong, we must openly oppose him. And in both situations we must state the reasons for our position so that the members of our party throughout the country will understand the why and wherefore of our actions.

The Economic Report is also a challenge to each Member of the Congress regardless of the party to which he belongs. The subjects with which the Economic Report deals are the livelihood, the happiness, the bread, and the butter of the people who elected each of us to his position in the Congress. It would be bad faith, indeed, to the people of my State if I, as a Senator from Oregon, failed to give adequate attention to a Presidential message to the Congress which deals so directly with matters affecting the lives and livelihood of every inhabitant of my State.

As one of the Republican sponsors of the Full Employment Act, I speak with an additional sense of responsibility. I offered and spoke for the first amendments to the original bill, which amendments, Mr. President, were adopted and made a part of the bill; and I, therefore, along with certain other Republican Senators whose names I shall mention in a moment, became a cosponsor of the full-employment bill. If it had not been for the active participation of the Republican sponsors of this measure—who include the Senator from New Hampshire [Mr. TOBEY], the Senator from Vermont [Mr. AIKEN], and the Senator from North Dakota [Mr. LANGER], as well as myself—this legislation could never have been passed.

Accordingly, I have been extremely interested in the Economic Report and since January 8, the day it was transmitted to Congress, have been carefully studying and evaluating it. I have done so, even though I am not a member of the Economic Report Committee. I think the record is perfectly clear as to why I am not a member of that committee, although I think it should be stated that in accordance with custom and tradition one of the cosponsors of the bill from the Republican side of the aisle should have been appointed a member of the Economic Report Committee. We were entitled to that from the Republican lead-

ership in the Senate so that our point of view could have been manifested at all times on the committee. I am sure that had any one of us been appointed as a member of the committee, he would have been as insistent as I am in this speech that action should be taken on the report by the Congress. We would not have permitted the record of inaction which has thus far been made on the report. But, Mr. President, party discipline is a very interesting thing sometimes, and it takes on a variety of forms. However, I think I shall succeed in demonstrating to the Republican leadership in the Senate that a Member of the Senate—at least on the floor of the Senate—cannot be disciplined if he refuses to be disciplined. They can deny some of us our committee appointment rights, but they cannot stop us from fighting for the right on the floor of the Senate. They cannot stop us from pointing out the failure of the Republicans to meet the challenge of this report.

I have now reached certain tentative conclusions concerning its virtues and its defects. I say tentative conclusions because the subjects dealt with in the Economic Report are so vast and complex that final conclusions upon its contents can really be reached only after the report has been more fully discussed and debated in the Congress. The only final conclusion I have reached is that the report deserves full discussion and debate by the Congress. It is for this reason then, Mr. President, that I shall now proceed to discuss in some detail what I conceive to be the virtues and defects of the Economic Report of the President.

The Economic Report is relatively a short document, only 32 pages long, with an excellent statistical appendix of another 22 pages.

The first part of the report presents an analysis of the economy. The second part presents the President's short-range economic program. The third and final part presents the President's long-range program. Let us examine each of these parts of the report in order.

SUMMARY OF REPORT'S ANALYSIS OF THE ECONOMY

The report's analysis of economic trends leads off with a review of employment, production, and purchasing power in 1946. During 1946, it is pointed out, civilian employment approached fifty-eight million, the highest civilian employment this Nation has ever known—a level substantially in accord with the objectives stated by the Congress in the Employment Act. In 1946, production also mounted to new peacetime levels. Nevertheless, production did not reach its peak in relation to productive capacity because of shortages of materials, bottlenecks, and other reconversion difficulties. With respect to purchasing power, the report points out that the situation was not quite so satisfactory. Although cash and credit were available to purchasers in large amounts, the rise in prices which occurred the last 6 months of 1946 greatly reduced purchasing power of the large majority of our people.

The report then discusses prices, wages, and profits in 1946. It charts the

extremely rapid increase in prices subsequent to the relaxation of price controls in the late fall. It shows that between July 1945 and July 1946 the wage increases which occurred as a result of the first postwar round of wage increases were nearly half offset by reductions in overtime, declines in piecework earnings, and the shift of workers from higher-paid wartime to lower-paid peacetime jobs. Since 1946, the report points out, price increases have outstripped increases in wage rates and real earnings have fallen. With respect to profits, the report makes it perfectly clear that the profit picture has been extremely uneven as between industries. It issues a warning which I think we can well heed, because there is a great deal of loose talk in America today about profits. It cautions those who would infer that all industries or all firms in a given industry were operating at a highly profitable level in 1946 or that none were incurring losses. The facts do not bear out such a conclusion. Despite these qualifications, however, the report shows that profits increased steadily throughout the year and that in general business received exceptional profits in 1946.

There then follows a discussion of what is called the Nation's economic budget as distinguished from the Federal Government's budget. The Nation's economic budget shows the expenditures and receipts not only of the Federal Government, but also of State and local governments, of business, and consumers, and indicates the place in the economy of international transactions. In this manner, one is able to get an over-all view of the economy.

A number of basic points evolve from this presentation. First of all, Government expenditures were significantly reduced during 1946. This meant that higher private expenditures were needed to sustain a high enough level of national income. Second, business expenditures increased, although a part of the increase reflected higher prices rather than increased production. Third, consumer expenditures rose, but practically all of the increase was attributable to the price rise. Consumer incomes rose less than expenditures and actually declined in real terms.

The report next discusses employment, production, and purchasing power objectives for 1947. This portion of the analysis conforms with the requirement of the Employment Act in section 3 (a) that the President's economic report set forth the levels of employment, production, and purchasing power needed to carry out the stated objectives of the act.

The 1947 goal for employment according to the report should be to sustain employment at about the 1946 levels or slightly higher.

The 1947 goal for production should be perhaps an over-all increase of 5 percent beyond the 1946 level.

With respect to purchasing power no goal is set in dollar figures. The point is made, however, that if the employment and production goals are to be efficient, real purchasing power must rise sufficiently to take the increased production off the market.

The report then discusses favorable and unfavorable factors in 1947—as they relate to consumer demand, business investments, international transactions, and Government budgets.

With respect to consumer demand, the favorable factors are the consumer demand for many goods that have been scarce during the war years and the existence of higher levels of incomes than existed in prewar years. The unfavorable factors are the decline in real incomes resulting from higher prices and the rapid dwindling of consumer savings and a dangerous expansion of installment and credit buying.

It is interesting to note that preceding the "bust" of 1929 one of the phenomena present in our economic system of that time was the great increase in installment and credit buying.

With respect to business demand, the favorable factors are the availability of abundant capital funds, ample bank credit, a highly rewarding profit level during 1946 and a huge backlog demand for construction. The unfavorable factors are the fear of a drop in general consumer demand, the uncertainty with respect to management-labor disputes, the high cost of construction, and certain shortages in basic materials.

With respect to international transactions, the favorable factors are the vast backlog of reconstruction demand and the existence of large dollar resources on the part of many countries. The unfavorable factors are derived from our current high prices, which could make some countries reluctant to buy from us, and the fears of other countries concerning our willingness and ability to increase our imports and extend our foreign loans.

With respect to Government budgets, the report presents an extremely interesting table which does not appear in the budget message. This table entitled "Federal Cash Payments to the Public" breaks down estimated Government expenditures for the calendar years of 1946 and 1947 according to the type of recipients and character of the payments.

The President estimates that the total decline in Federal expenditures from the calendar year of 1946 to the calendar year of 1947 will be a little less than \$6,000,000,000.

The opposite trend is found in State and local expenditures which have steadily increased since VJ-day.

Finally, the report summarizes present economic conditions and trends.

On the plus side of the economic ledger are listed:

First. A fabulous wealth of resources.
Second. Large and efficient industrial plants.

Third. Ample funds for business expansion, together with high profit incentives in most lines.

Fourth. A large and skilled labor force.
Fifth. Higher consumer spending than power before the war.

Sixth. A backlog of unsatisfied domestic and foreign demand.

Seventh. The high standards of living to which our people have become accustomed.

The most important unfavorable factor in the economic situation is the

marked decline in real purchasing power of great numbers of consumers. Let me, at this point, quote directly from the report:

Maximum production and employment this year would allow a substantial increase in the available supply of consumer goods and services, especially in the area of durable goods. This requires higher real purchasing power to take the goods off the market.

If price and wage adjustments are not made—and made soon enough—there is a danger that consumer buying will falter. Orders to manufacturers will decline, production will drop and unemployment will grow—unless consumers resort to large additional borrowing and use of past savings to buy the increased supply of goods. These temporary expedients are limited in power and even if available would only postpone the day of reckoning.

Second, the report indicates a danger of a weakening in investment resulting from the high prices of residential construction and the possibility of a slackening in industrial and commercial construction.

The third unfavorable factor is the uncertainty with respect to labor-management strife, a subject which was discussed more fully in the President's State of the Union message.

In summing up the analysis of the economic trends the report ends on the following note:

During this year the underlying favorable factors are strong enough to maintain high prosperity. But this year brings us face to face with maladjustments and unfavorable possibilities which, if not corrected or prevented, could cause a recession in production and employment. The Government will watch this situation and be prepared for action if needed.

APPRAISAL OF THE REPORT'S ANALYSIS OF THE ECONOMY

The analysis of economic trends which I have just summarized has both virtues and defects.

On the credit side I list the fact that the Economic Report does not indulge in any puerile attempts to predict the future. The report is written with a discriminating awareness of the fact that in a free enterprise, private property economy there are so many variable factors that it is impossible to make accurate forecasts on the future course of economic events. One need only recall the fact that two years ago Administration officials were openly predicting 6 to 8 million people unemployed in 1946 to realize that the type of analysis provided in the Economic Report represents a significant forward step.

The second virtue is the clear and forthright manner in which the Economic Report puts its finger upon diminishing consumer purchasing power as the single greatest threat to economic stability. During the 1920's there was the failure of purchasing power to keep pace with our productive capacity which finally resulted in the devastating depression that began in 1929. In the 1920's, however, there were none in high places who pointed out this dangerous trend. It is heartening to realize today that we have advanced to the point where this underlying problem can be fully set forth in a major Presidential document.

I must say at this point, however, that the case would have been made much stronger if the President in his Economic Report had discussed this question of consumer purchasing power in the even more meaningful terms that were used by Gov. Harold Stassen in his recent testimony before the Senate Labor and Public Welfare Committee. While the Economic Report of the President has not a word to say in comparison between present trends and the development in the 1920's, Governor Stassen aptly linked up today's problems with the sad lesson of the 1920's. Let me quote from his statement:

EXCERPT FROM TESTIMONY OF HAROLD E. STASSEN BEFORE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE, FRIDAY, FEBRUARY 7, 1947

I think it is important that we remember the experience of 1920 to 1929. In 1920 the average wages in 25 leading industries in this country which were sampled, were 61 cents an hour. In 1921 and 1922 those wages were driven down to 49 cents an hour, a drop of 12 cents. Then we went through the boom up to 1929, and they still only got up to an average of 59 cents an hour. That lagging behind of wages of workers was accompanied by the knocking down of union membership from 5,000,000 to 3,400,000 of membership. So that you had profits rising rapidly in industry, total production going up to new highs, but wages held down below the 1920 level (p. 572).

Another factor is the careful emphasis which the report gives to the wage, price, and profit decisions made in the private economy. The report clearly indicates that the responsibility for determining the levels of prices and wages is no longer in the hands of the Government and that the decisions now rest with business and labor. At the same time the report very properly avoids the kind of analysis which leads to Government spending as the final answer to our economic problems.

Furthermore, the President and the council of economic advisers are to be congratulated for the excellent handling of their statistical tools. The Nation's economic budget provides an admirable instrument for appraising the over-all character of our economy and the relation to our economy of the Government's financial operations. The statistical appendices which explain the Nation's economical budget in detail and which provides an available source book of information on income, prices, earnings, profits, and employment, are also to be commended.

But the report's analysis of the economy has certain defects.

First of all, there are many unforgivable gaps in the analysis of economic trends. There is no statistical treatment whatsoever, anywhere in the report, of the most dangerous trend in our era—the trend toward monopolistic practices and the concentration of economic power. Furthermore, I fail to find in the report any discussion of economic trends in the major segments of industry and agriculture. What are the trends in the development of the light metal industries? What is the outlook for steel development on the west coast? What is the outlook for the lumber industry? What is the position of power development in the emerging postwar economy?

What does the future hold for the wheat farmers of America?

I did not expect a detailed exposition on each of these points, but I did expect to see in the economic report of the President a broad economic picture which would relate these questions to the growth of our country and the needs of our people. Yet there is not one word in the entire report which throws light on these matters.

Moreover, I had expected that the economic report would provide a meaningful picture of what the productive capacity of this country really is—both in terms of our present capacity and in terms of our potential capacity. This expectation was founded in the fact that the Employment Act of 1946 places such great emphasis on both the concepts of maximum production. Yet nowhere in the report have I been able to find any light on the question of what maximum production in a peacetime America could really be.

Furthermore, there is insufficient attention in the report to the defining of economic goals. True, rough goals are established for employment, production, and purchasing power; but there is no effort to define the needed levels of business investment, the needed levels of exports, and the needed levels of imports. There is no attempt to define the balance which we must achieve between agriculture and industry. Finally, the report ignores the glaring deficiencies in our present statistics, and fails to point out the fact that better Government statistics are needed if we are to have the instruments at hand with which to achieve a more fruitful analysis of our economy.

SUMMARY OF REPORT'S SHORT-RANGE PROGRAM

The short-range program presented by the President in his Economic Report deals with subjects that have long-range significance, but which, according to the President, merit immediate attention from the Congress and from the people as a whole because of their influence upon economic conditions in 1947.

The first point in the short-range program consists of recommendations to businessmen to reduce prices and to labor to refrain from demands for excessive wage increases that will require price increases or prevent price reductions.

The second point is the recommendation that the Congress take steps at once to extend rent control beyond next June.

The third recommendation is for an extension in the coverage of the Fair Labor Standards Act and a raising of the minimum wage.

The fourth recommendation is for the Congress to take immediate steps to revise benefit payments under the social-security system in order to alleviate real hardship which has been aggravated by increases in the cost of living.

The fifth recommendation is for the passage by Congress at the earliest possible moment of the nonpartisan housing legislation which passed the Senate in the Seventy-ninth Congress.

The sixth recommendation deals with taxes. The report points out that the present moment, when employment and

incomes are high, is the time for a surplus in Government revenues over expenditures, and that it would be unsound fiscal policy to reduce taxes at this time. An appropriate point is made: That when the reductions come, they should be handled in a manner that will contribute to the maintenance of purchasing power by reducing the burden on the mass of consumers.

As I interpret that section of the report, I think it is clear that the recommendation is that the tax reductions, when they come, should be to the benefit of the people of small incomes in America, rather than to the greater benefit of people of large incomes. I think that is a sound tax principle to apply in these days when we are still faced with the problem of adjusting from a wartime economy to a peacetime economy, and when so much of our national income still flows directly from the economic dislocations incident to a war. It seems to me that fact should be kept in mind as we consider the source to the individuals of the incomes which they are getting out of wartime economic dislocations; and certainly it is sound, it seems to me, to apply the first tax relief to the people of small incomes, rather than to adopt a principle based upon the notion of making the rich richer and the poor poorer.

With respect to labor-management relations, the economic report merely refers back to the program set forth in the state of the Union message.

APPRAISAL OF REPORT'S SHORT-RANGE PROGRAM

Essentially the short-range program which I have just summarized is sound. It covers the most important types of action that can affect the American economy in 1947. It sets forth the essential points on which immediate action by the Congress is imperative. At the same time, it is moderate and restrained. It does not attempt to give Congress a detailed directive, but, rather, recognizes the desirability of congressional initiative and discretion in working out each of the legislative measures to which the report refers.

The only defect in the short-range program, as I see it, is the failure to speak in more specific terms concerning the price reductions that are recommended to business. The section of the report containing the Presidential admonition to businessmen consists of merely three sentences. I cannot see how any individual businessman or any business leaders could derive from that brief and cursory counsel any real indication as to the type of price actions which the President is recommending to the business community. If the President's approach to the price situation is to be based on recommendations to business, businessmen have the right to expect a simple and direct exposition of the type and locations of the price decreases which are needed, the practical problems that must be faced in effectuating such decreases, and the manner in which price decreases can be prevented from leading into a severe deflationary spiral. The recommendations have to cover a wider field than mere advice as to reductions in retail prices. Of course, we must deal with the whole problem, including reductions

in wholesale prices and reductions in the cost of production itself, and that takes us into the field of employer-employee relationships, where it is necessary to bring about greater stability. That is why so many times in the last 2 years, Mr. President, on the floor of the Senate I have counseled against large increases in wages, because my counsel to labor has been that the only increases in wages that are of any value to labor are increases in real wages. Much of the wage increases since V-J day have not been in the form of increases in real wages, but have only been in the form of increases in money wages. After all, it seems to me, we cannot have any stable employer-employee relationships in the United States until business and labor and the Government itself come to grips with this whole problem of adopting an economic program which will make it possible for us to maintain a high level of purchasing power on the part of all consumers, fair profits to employers, and a decent standard of living for workers and farmers.

SUMMARY OF REPORT'S LONG-RANGE PROGRAM

Mr. President, I now wish to summarize my views with respect to the long-range program suggested by the President.

The long-range program contains both legislative proposals to Congress and recommendations for intensive studies. The legislative aspect of the program is as follows:

First. Congress should provide permanent Federal legislation dealing with discrimination in employment or wages against certain national and religious groups, against workers in late middle age, and against women.

Second. The school-lunch program should be expanded.

Third. Legislation for a uniform patent policy should be enacted.

Fourth. Section 7 of the Clayton Act should be extended to control mergers by the acquisition of assets as well as by the acquisition of stock control.

Fifth. Increased appropriations should be provided for the control of monopolistic practices.

Sixth. Congress should extend the coverage and the benefits of our social-security laws.

The President also stakes out the following fields of study:

First. Federal agencies are directed to initiate a study of Federal and State programs for industrial training and employment counseling.

Second. It is suggested that "we should study carefully the possible need for food and nutrition programs to reach low income families."

Third. The Government should examine the contribution to regional development that can be made by power developments, flood control and navigation, improved roads, fair transportation rates, the removal of barriers to truck transportation, and land drainage and irrigation projects.

Fourth. The Council of Economic Advisers is making a special study of chronically depressed areas and those areas which have been left stranded by the end of the war.

Fifth. The Council of Economic Advisers is also working to develop a study of Federal grants to State and local governments.

Sixth. The Congress should "review the studies made by the Temporary Economic National Committee and by other congressional committees" with a view toward new legislation on monopoly and monopolistic practices.

Seventh. The Government should study the entire problem of providing better access by small business to long-term credit and equity capital.

Eighth. The Congress should study the various methods of taxation that might be used in financing expanded social-security system.

Ninth. The Council of Economic Advisers is making a continuing study of the devices that may become necessary to stabilize our economy if there should be indications of a down turn in economic activity.

What about an appraisal of this long-range program?

APPRAISAL OF THE REPORT'S LONG-RANGE PROGRAM

The long-range program presented in the economic report has many virtues.

The recommendations for legislation deserve the immediate attention of the Congress.

In this connection I should like to point out that the President's proposal for legislation to prevent discrimination in wages would be carried out by enactment of the equal-pay bill which I introduced in the Seventy-ninth Congress, and which I intend to reintroduce at this session.

The school-lunch program should most certainly be expanded.

Legislation for a uniform patent policy should most certainly be enacted.

The President's proposal for strengthening of section 7 of the Clayton Act, in order to facilitate the control of mergers by the Federal Trade Commission, is provided for in the antimonopoly bill, S. 72, which I have introduced at this session in collaboration with the Senator from Vermont [Mr. AIKEN], the Senators from North Dakota [Mr. LANGER and Mr. YOUNG], the Senator from Montana [Mr. MURRAY], the Senator from Idaho [Mr. TAYLOR], and the Senator from West Virginia [Mr. KILGORE]. This same bill also calls for increased appropriations to the Antitrust Division of the Department of Justice and the Federal Trade Commission, as recommended by the President.

Naturally I regret that greater progress has not been made in moving this bill through the machinery of the Congress to the floor of the Senate. I want to make it very clear that I am going to be a Member of the Senate for at least a few more years, and probably longer, but so long as I am here—and probably it will take that long—I shall continue to press for action on Senate bill 72, because I think the control of monopolies is unquestionably the most important economic problem on the domestic front. I say that because rapidly we are becoming an economy of monopoly.

Finally, the President's recommendation that there be a cost-of-living adjustment in social-security benefits is certainly well-founded.

The President's proposals for future studies by the Congress and the executive branch are also constructive. I doubt whether there is anyone in the Congress who would disagree with the President's contention that the studies he has outlined should be undertaken. I myself am particularly impressed with the necessity of having the Congress undertake a comprehensive study of monopoly and monopolistic practices for the purpose of developing a coordinated and integrated antimonopoly program. I called for such an investigation at the end of the last session of the Congress, before the Economic Report was written, and on February 14 I introduced a Senate resolution—together with the other sponsors of the antimonopoly bill—calling upon the Judiciary Committee to make an investigation of this type. I hope the Committee on the Judiciary will proceed to give consideration to the resolution.

I am also particularly interested in having more rapid progress made on the analysis of Federal grants to State and local governments. There is now pending before the Senate Committee on Labor and Public Welfare a resolution which I have submitted, calling for a subcommittee study of this subject. It is all very well and good for the President to have this matter explored by his Council of Economic Advisers, but the problem of Federal grants to State and local governments is much more than an Executive problem. It is also a congressional responsibility, and should be made the subject of a formal congressional study. Therefore, my resolution.

But there are also certain defects in the long-range program presented in the Economic Report. These are, for the most part, defects of omission.

On the vital question of future agricultural policy, the report contains no specific recommendations whatsoever.

Mr. President, I think that the Eightieth Congress can well afford in its deliberations to give beforehand consideration to the problems of agriculture which will confront the farmers in the next few years. We should start now to take the steps necessary to maintain a strong and healthy agriculture which will enable the farmers of the Nation to maintain a high individual purchasing power.

As I said on another occasion, we cannot get away from the fact that basic to the strength of our democratic system of government is the American individual farm. It is the most important defense weapon we have. It is because American agriculture has made it possible for us to be a self-sustaining Nation, from the standpoint of food, that we can afford to maintain an economic system based upon the private-property economy which we maintain. On the other hand dictatorship thrives upon economies which are not based upon an agriculture which makes it possible for the farmers of a given nation to supply the people of the nation with all their food.

Why do I say that, Mr. President? It is because people with empty stomachs, a population that is living under the perpetual fear that it may starve, is easy prey to ideologies inconsistent with

the great democratic system and representative form of government we maintain in this country.

Mr. YOUNG. Mr. President—
The PRESIDING OFFICER (Mr. O'Connor in the chair). Does the Senator from Oregon yield to the Senator from North Dakota?

Mr. MORSE. I yield.

Mr. YOUNG. I wish to commend the Senator from Oregon for his statement concerning agriculture and his splendid analysis of the President's economic report. I believe it is little understood that agriculture is in the most precarious situation among all our economic groups. Industry can set prices for its products. Labor largely is able to determine, by bargaining, its income. Agricultural prices are determined almost entirely on a supply and demand basis on the open market. At the present time, of course, there is on the statute books the Steagall amendment, which under certain conditions would guarantee minimum prices for agricultural products. But at the present time it is little understood that farm prices are far above support levels, and that the only reason why farm prices are high is the tremendous volume of foreign exports, to the extent of over a million tons a month, which has created a scarcity in this country, resulting in higher prices. Right now the price of wheat, with the tremendous crop, the largest in history, would probably be not much more than a dollar a bushel; the price of potatoes would perhaps be down to 30 or 40 cents a bushel; the price of wool, because of the lack of support prices and the lack of action on S. 814 in the House, has dropped about 10 or 12 cents a pound, at a time when we are importing about 82 percent of all the wool consumed in the United States. I think for that reason it is highly important that the present Congress write a future agriculture bill, to become effective when the present program expires with next year's crop. It has long been my belief that a balanced economy—that is, a favorable economic balance between labor, industry, and farmers—has brought about good times. Whenever one or the other is thrown out of balance by low income, it results in a depression. Would the Senator from Oregon agree on those conclusions?

Mr. MORSE. I want to thank the Senator from North Dakota for his excellent contribution to my discussion of the farm problem. I agree with him 100 percent. I agree with him so completely that this morning I am taking advantage of the opportunity to issue a warning to my party that the Republican Party must never be guilty of failing to plan to take care of the agricultural economy of the country, so that never again will the farmers be faced with the specter of depression which ruined so many of them in 1929 and the early thirties. There is nothing we can do that is more fundamental to maintaining long-time prosperity than to see to it that American agriculture is kept economically healthy. That is why I am greatly concerned about certain fiscal policies of the present Congress. That is why, at the expense of precious time I admit, I am taking advantage this

morning of the opportunity to discuss what I consider to be some of the most serious economic problems that face America. We need to consider these problems raised by the President's economic report along with any consideration of a tax program.

Mr. YOUNG. Mr. President, if the Senator will yield further, agriculture has probably received a larger amount of adverse publicity than any other segment of the country. There appeared in the papers yesterday, and I think in this morning's papers also, a story about appropriation bills, and concerning particularly the \$618,000,000 just appropriated under the second deficiency appropriation bill for farm support prices. Actually, it is not well understood even by Members of Congress that the \$618,000,000 was the result of consumer's subsidies paid before OPA expired. Anyone reading the stories would think that at the present time \$618,000,000 had been appropriated for farm support prices, when that is not the situation at all.

Mr. MORSE. I want to thank the Senator again. It illustrates what the constant repetition of inaccuracies and false statements can do to the public mind. The constant misrepresenting of the position of the American farmer I think has recently done him a great injury in public opinion. I think those of us who are making a study of farm problems owe an obligation to the farmers of America, an obligation which the Senator from North Dakota has shown very clearly this morning he is willing to assume, to try to place the facts in regard to farm problems before the American public. Once they see the relationship between farm prosperity and general prosperity, the relationship between the purchasing power of the farmer and the purchasing power of labor, our people will insist that Congress take action along the lines of this speech. Once the public understands the facts I am sure it will insist that Congress must proceed to take necessary legislative action, along the lines suggested by the Senator from North Dakota, to help maintain a sound agricultural economy.

So I say, Mr. President, returning to the report, that I think one of the vital defects of the President's economic report is that it contains no specific recommendations whatever in regard to an agricultural policy or program.

On the central problem of monopoly and monopolistic practices, the report contents itself with the two limited recommendations on the strengthening of the Clayton Act and the appropriation of more funds for antitrust enforcement.

On public works coordination the report contains some high-sounding general principles but no substantive recommendations of any type whatsoever.

On the question of the management of our public debt, not a word is said.

On the important problems of regional development, social security, and credit to small business, all that it done is to suggest that studies be made.

Mr. President, these are gaps that cannot be filled merely by staking out fields for future study. These are gaps that can only be filled by a frank and forthright statement of Administration

policy. Such a statement cannot be found in the report.

Another defect is the lack of sufficient attention to the existing long-range programs of the Federal Government. Section 3 of the Employment Act of 1946 provides that the Economic Report include—and I quote—"a review of the economic program of the Federal Government." No such review is contained in the first Economic Report.

It is to be hoped that subsequent reports will give detailed information about these matters which I have dismissed.

Mr. President, I raise the question, where do we go from here? The responsibility for preventing another depression does not rest on any single part of our Government or on any single segment of the American people. It is a joint responsibility—one that must be exercised by the President and his Council of Economic Advisers, by the Congress and its various committees, and by industry, agriculture, labor, and State, and local governments.

There are many additional steps that the President should take if he is to carry out the intent of the Employment Act, of which I was one of the sponsors.

The first and most important step is to present to the Congress a supplementary economic report, as provided for by section 3 (b) of the Employment Act. There have been many important economic developments since January 8—particularly with respect to price movements, consumer purchasing power, construction and foreign loans. The Congress and the people are entitled to the President's appraisal of these new trends and of their implications for the policy of the Federal Government on fiscal affairs, labor relations, and other vital matters.

It is my profound hope, therefore, that a supplementary report bringing up to date the analysis of economic trends which was made in January, will be transmitted to the Congress no later than June of this year.

The Congress also has the right to expect that subsequent economic reports to the Congress—both the one which is needed in June and the one which is required next January—will fill in the many gaps which appeared in the first economic report, will provide a meaningful picture of what our productive capacity could be, and will provide more attention to the definition of economic goals and the problem of obtaining more adequate statistics.

The Economic Report of next January, moreover, should stake out specific long-range programs with respect to those important fields of Government activity which were only cursorily dealt with in this year's Economic Report—namely, agriculture, monopoly, public works, debt management, regional development, social security, and credit for small businesses. It should also provide a meaningful review of existing Federal programs.

The Joint Committee on the Economic Report also has a responsibility. Congress has a right to expect that in the not too distant future the joint committee will present to both Houses its

findings and recommendations with respect to the President's analysis of the economy, the President's short-range program and the President's long-range program.

The legislative committees of the Congress have some responsibility. Legislative action should be accelerated on the extension of rent control, making reasonable adjustments in those cases where, because of increased costs of maintenance, landlords can make a showing that they are unable to derive a fair and decent return from their rental property on the basis of present rents. Likewise Congress should take prompt action for the enactment of housing legislation, the extension of the Fair Labor Standards Act, the enactment of legislation against discrimination both in employment and in wages, the expansion of the school-lunch program, legislation on patents, the Clayton Act, increased funds for enforcement of the antitrust laws, the revision of social-security benefit payments, and a comprehensive revision of our social-security system.

That is a legislative program, Mr. President; it is a legislative program which in fact is at the present time bottled up in various committees of Congress. I recommend that legislative program to the Republican Party. I submit that it is based upon sound principles of social legislation. Such a legislative program, Mr. President, if recognized, approved, and put into effect by the Republican Party, I am convinced would be approved by an overwhelming majority of the American people. But if my party thinks it can long stay in power with only a negative legislative program, without a great constructive social legislative program, it will learn in due course of time at the ballot boxes of America that the overwhelming majority of the American people expect my party to keep pace with the march of time and to recognize that human events are moving ever forward and not backward. No party, be it the Republican Party or the Democratic Party, will long sustain the confidence of the American people if it goes back on such a legislative program as I have just suggested.

Mr. President, the responsibility of our legislative committees is particularly great with respect to long-range problems and long-range programs. Every study of a long-range program which the President has recommended should be undertaken. Here is a grand opportunity for a Republican Congress to build a record of genuine achievement on problems that were not affirmatively dealt with by our Democratic President.

Here, in these fields where the President has not made long-range recommendations, is an opportunity for a Republican Congress, through effective committee work, to develop constructive programs and then ask the President to meet us halfway.

Finally, it is imperative that every economic group in the country, every public interest organization, and every State and local government give renewed attention to the problem of preventing another boom and bust cycle. The Economic Report of the President, while not

a perfect document, provides an ideal focal point for discussion and analysis. This report should be distributed in the tens and hundreds of thousands. It should be analyzed at local meetings. Its pros and cons should be discussed on the radio and in the press. Above all, it should be debated on the floor of both Houses of the Congress—not only to draw more public attention to the issues involved in preventing another depression but also to give the people of America a better chance of finding out what their elected representatives stand for and stand against.

The greatest danger we face today is the danger of inertia, the danger that because things seem to be going along pretty well for the present we will postpone, for some indefinite future date, the painful task of thinking and acting in the interests of maintaining economic stability.

In conclusion, I should like to quote a very profound statement from a special report that has been issued by the editors of the Kiplinger magazine. This report is entitled "Can We Prevent Depressions?" and it deals with the Employment Act of 1946, the Council of Economic Advisers, and the first economic report of the President in these words:

The race is on—the race against time—to decide whether, over the next few years, we can make those adjustments in our economy that are needed to avert a major depression in the fifties.

This is no idle nightmare. A major depression appears on the private charts of almost every large corporation that looks 5 or 10 years ahead. Not a little recession like the adjustment of 1947 or 1948, but a depression like that of the thirties or worse. Some call it a "possibility." A few see no way of preventing it.

There is nothing in our past economic history to suggest that this smash will be avoided automatically. Every major war has been succeeded at some time by a period of prolonged and deep depression.

The machinery of the Council of Economic Advisers to the President and the spirit of the Employment Act of 1946 stand between us and that disaster. But this is not a machinery whereby the Government, acting alone, will come to the rescue. It is a machinery to give leadership in developing an all-together effort to achieve our common goal.

So if nature takes its course, this machinery that has been created may lie almost unused. There will always be a tendency to consider its recommendations tomorrow, and then on another tomorrow.

Of all those who are interested in the fifties, businessmen have the most at stake. The Employment Act of 1946 is not a labor measure. It is not a law invoking salvation by government. It is a measure designed to insure the American economic system of a long and healthy life. It needs everyone's help to make it work.

Mr. President, before closing my speech I desire to make a few additional comments. I worked for some time on the speech I delivered today. I do not like to consume so much time on the floor of the Senate in presenting my views on what I consider to be some of the basic and vital problems which confront my party and

my country. However, in view of the fact that the leadership of my party did not see fit to place on the Economic Report Committee a single one of the Republican sponsors of the full employment bill of 1946, I considered it of great importance that at least the views of one of us on the President's economic report should be expressed on the floor of the Senate. So long as the type of disciplinary action is followed by the leadership of my party which denied any of the Republican sponsors of the full employment bill a place on the Economic Report Committee I shall continue from time to time to speak my mind on the floor of the Senate. I shall do that when denied the right under the traditions and customs of the Senate to bring my views to bear as a member of committees to which I am entitled to appointment.

Lastly, I wish to say that I think I have presented in this speech a blueprint of action for those in the Republican Party who want to make it a great progressive party, a party that will plan now, in the Eightieth Congress, to see to it that the necessary steps are taken to the extent that they can be taken by the Government, to avoid the type of depression which was painted for us in the language of the Kiplinger Report. As long as I am in the Senate I shall continue to urge my party to become a progressive party. I want it to be a party which places human rights and interests above selfish interests and partisan politics.

ORDER FOR RECESS TO MONDAY

Mr. WHITE. Mr. President, I move that when the Senate concludes its session today it stand in recess until Monday next at 12 o'clock noon.

The motion was agreed to.

HENRY J. KAISER

Mr. BRIDGES. Mr. President, it will be recalled that a little over a year ago—on April 17, 1946—I addressed the Senate on the saga of Henry J. Kaiser, the coddled darling of the New Deal. I revealed to the Senate and the American people the fact that at that time Kaiser owed the people of the United States through the RFC almost \$115,000,000, much of which was non-interest-bearing. I related the story of how through the war years this man Kaiser, going through the front, back, or side doors of the Federal Government, was able in some mysterious way to get literally bales of the people's money merely by stamping his name on some fantastic project.

For several years glad-handing Henry, juggling millions extracted from the American taxpayers, has been offering all sorts of remedies—at Government expense—for almost every economic ill. He has opened his financial side show in all parts of the country with enthusiastic New Deal applause—not to mention the free hand of the New Dealers with taxpayers' money. Without the latter, this fantastic schemer would have dropped by the wayside as others of his kind have over the years.

In my remarks to the Senate a little more than a year ago, one of Kaiser's indulgences to which I referred was the Fontana steel plant. The rocketlike

Kaiser had descended upon Washington and sold the top man the Fontana proposition to the tune of \$111,805,000 of American taxpayers' money. Later he got \$11,500,000 more, for a grand total of \$123,305,000.

Now Henry is back in town trying to induce RFC to bite once more on the Fontana dream. Henry wants RFC—which means the taxpayers of the Nation—to take an \$85,000,000 loss on the money he owes for his Fontana mill. His total indebtedness on the plant is \$105,452,160. He thinks it would be nice of RFC to write off all of this except \$20,123,016. He has asked RFC to agree to such a plan.

After that, generous juggling Henry would pay off the \$20,000,000 with \$15,000,000 in earnings from his shipyards—which profited greatly under Government contracts—and another \$5,000,000 to be raised from the sale of stock to the public, or borrowed privately.

Imagine that! I was shocked and amazed yesterday when I picked up the newspaper, to see that a man actually had the nerve to come to Washington and propose that a Government bureau write off \$85,000,000 of a debt which he owed to the Federal Government. That is the most colossal example of unmitigated gall that I have ever heard of in one man.

Like so many of Henry's deals with the Government, this latest one is a little indefinite as to what he actually has in mind. Of course, the part about forgiving some of Henry's debt to the Government is clear, as always. But the real reason why Henry wants to get the Fontana plant free is shrouded in a good deal of fog. Henry says that wiping out most of his debt will enable him to compete with other private steel makers and constitutes a major step toward the President's goal of lower prices for the Nation.

Probably the truth is that Henry would like to get the Fontana plant practically free to pull him out of the awful hole he has gotten into in connection with his manufacture of automobiles. His efforts along this line have proved a terrible bust. Only something like steel manufactured in a gift plant—paid for by the American taxpayers—will save Henry from disaster in the automobile business, it seems.

The Kaiser-Frazer outfit has manufactured to date, according to the latest report I have seen, only about 11,000 cars. They have been made at a terrific loss to stockholders. Some \$57,000,000 worth of stock was unloaded on the public at prices ranging from \$10 to a little over \$20 a share. The stock closed on the New York Curb last night at 6. It never has paid a dividend. The company lost \$19,284,681 on total sales of \$11,504,433 in 1946.

One chapter of Henry's operations which never has been publicized was his recent attempt to do a little real-estate speculating with the Willow Run plant. He quietly approached the War Assets Administration and suggested that the plant, on which he now holds a lease, be quietly optioned to him at \$14,824,624. It was to be done without advertising, of course. Simultaneously New York

banking groups were approached as to the possibility of raising a \$40,000,000 loan on Willow Run in case it was bought by private parties. Neither War Assets nor the bankers were interested, so the project was dropped.

Perhaps Henry will induce RFC to cancel out his Fontana debt, but the outlook is not good. The air conditioning has been on full blast recently at RFC whenever Henry called. Only a few weeks ago he was refused a simple loan of \$12,000,000 to bail out Kaiser-Frazer. In the better New Deal days, that was chicken feed for Henry. He could have gotten that much by making a postcard request. But times have changed, for the good of the country.

I bring these facts to the attention of the Senate because a year ago I outlined on the floor of the Senate Mr. Kaiser's various operations. At that time I never thought that we would see the day when a man would have the nerve to come to Washington and ask the Federal Government to write off \$85,000,000 of a legitimate loan. As I have stated, that is the greatest amount of gall that I have ever seen exhibited in a single individual. I am very glad that to date, at least, the RFC has adopted a little more frigid attitude, rather than the cordial, receptive attitude which it exhibited in the old days.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 236. An act to amend the Nationality Act of 1940 so as to permit naturalization proceedings to be had at places other than in the office of the clerk or in open court in the case of sick or physically disabled individuals;

H. R. 384. An act for the relief of W. H. Baker and Walter Baker;

H. R. 428. An act for the relief of Charles N. Bemis;

H. R. 444. An act for the relief of the estate of Archie S. Woods, deceased;

H. R. 603. An act to amend an act of September 27, 1944, relating to credit for military or naval service in connection with certain homestead entries;

H. R. 1494. An act for the relief of the estate of Nellie P. Dunn, deceased;

H. R. 1844. An act to authorize the Administrator of Veterans' Affairs to grant easements in lands belonging to the United States under his supervision and control, and for other purposes; and

H. R. 3245. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income-tax payments.

Mr. McCLELLAN. Mr. President, I should like to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Are amendments to the pending bill now in order, or may amendments not be offered until the

motion to postpone has been acted upon on Monday?

The PRESIDING OFFICER. The motion to postpone takes precedence over any other motion.

Mr. McCLELLAN. Amendments cannot be presented at this time?

The PRESIDING OFFICER. If the Senator so desires, amendments can be offered, to lie on the table and be taken up at a later time.

Mr. McCLELLAN. Very well.

Mr. President, on March 24 I gave notice that I would offer certain amendments to the pending bill. I sent the amendments to the desk and had them printed, and they were referred to the Finance Committee of the Senate, which committee was then considering this measure and was in process of holding hearings on it. Later, I appeared before the Senate Finance Committee and presented the amendments and gave evidence in support of them. Neither of the amendments was adopted by the Finance Committee, but I expect to present them, or some of them, on the floor when the parliamentary situation will permit that to be done.

I should like at this time to ask unanimous consent that I may have printed in the RECORD at this point two amendments which I shall offer in the event consideration of the measure is not postponed as proposed in the pending motion.

The first of these amendments, Mr. President, is one to raise personal exemptions. The second provides a new basis of collecting income taxes so as to equalize tax collections between citizens of non-community-property States and those of community-property States. I ask that these amendments be incorporated in the RECORD at this point in the order in which I have referred to them.

There being no objection, the amendments intended to be proposed by Mr. McCLELLAN were ordered to be printed in the RECORD, as follows:

At the proper place in the bill insert a new section as follows:

"Sec. —. Increase in personal exemption.

"(a) Subparagraphs (A) and (B) of section 25 (b) (1) of the Internal Revenue Code, as amended, are amended to read as follows:

"(A) In the case of a single person or a married person not living with husband or wife, a personal exemption of \$750.

"(B) In the case of the head of a family or a married person living with husband or wife, a personal exemption of \$1,500. A husband and wife living together shall receive but one personal exemption. The amount of such exemption shall be \$1,500. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them."

"(b) Sections 51 (a), 58 (a) (2), and 142 (a) of the Internal Revenue Code, as amended, are amended by striking out '\$500' wherever it appears therein and inserting in lieu thereof '\$750.'

"(c) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1946.

"Amend the tables contained in sections 400 and 1622 (c) (1) of the Internal Revenue Code to conform to the above amendments."

On page 1, line 6, before the period, insert the following: "and establishment of new method for computation of surtax in case of joint returns."

On page 2, beginning with line 6, strike out all down to and including line 10 and insert in lieu thereof the following:

"(b) Reduction in surtax on individuals and establishment of new method for computation of surtax in case of joint returns: So much of section 12 (b) of the Internal Revenue Code (relating to the rates of surtax) as precedes the table therein is hereby amended to read as follows:

"(b) Computation of surtax:

"(1) Separate return: Except in the case of a joint return by husband and wife, there shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax determined by computing a tentative surtax under the table set forth in paragraph (3) of this subsection, and by reducing such tentative surtax by 24 percent thereof.

"(2) Joint return: In the case of a joint return by husband and wife under section 51, there shall be levied, collected, and paid for each taxable year upon the aggregate surtax net income of the husband and wife a surtax determined—

"(A) by computing a tentative surtax under the table set forth in paragraph (3) of this subsection upon an amount equal to one-half of such aggregate surtax net income;

"(B) by multiplying the tentative surtax ascertained under subparagraph (A) by two; and

"(C) by reducing the amount ascertained under subparagraph (B) by 24 percent thereof.

"(3) Surtax table: The table referred to in paragraphs (1) and (2) is as follows:—

On page 4, between lines 2 and 3, insert the following:

"(e) Standard deduction: Section 23 (aa) (1) of the Internal Revenue Code (relating to the optional standard deduction for individuals) is amended to read as follows:

"(1) Allowance: In the case of an individual, at his election, a standard deduction as follows:

"(A) Separate return with adjusted gross income \$5,000 or more: Except in the case of a joint return by husband and wife, if the adjusted gross income is \$5,000 or more, the standard deduction shall be \$500.

"(B) Joint return with adjusted gross income \$5,000 or more: In the case of a joint return by husband and wife under section 51, if the aggregate adjusted gross income of the husband and wife is \$5,000 or more, the standard deduction shall be \$1,000 or an amount equal to 10 per centum of such aggregate adjusted gross income, whichever is the lesser.

"(C) Adjusted gross income less than \$5,000: If the adjusted gross income is less than \$5,000, the standard deduction shall be an amount equal to 10 per centum of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in section 400."

On page 4, line 3, strike out "(e)" and insert in lieu thereof "(f)."

Mr. McCLELLAN. Mr. President, I shall first address myself to the pending motion, and to the bill. Then I shall discuss these amendments.

I believe every citizen in the Nation is anxious, as soon as it is possible, wise, and advisable to do so, to have the Federal tax burden relieved to the extent it can be done and, at the same time, maintain a sound fiscal policy. We all look forward to a reduction in our taxes; and it may be possible, Mr. President, that a reduction, perhaps a substantial one, can be made without doing any serious violence to or impairing to any appreciable degree the fiscal affairs of our Government. However, that is debatable. At best it is a guess; it is purely speculative as to how far we can reduce taxes and avoid the danger of again

having to operate this Government on a deficit basis.

So I believe I can associate myself with everything that the senior Senator from Georgia [Mr. GEORGE] said a day or two ago when he presented the pending motion for deferment or postponement of this measure until such time as the Congress has had an opportunity to know what the cost of Government will be for the next fiscal year, or at least how much we should appropriate now for the purpose of paying the costs of Government for the next fiscal year.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield.

Mr. MILLIKIN. The motion of the distinguished senior Senator from Georgia was to postpone the consideration of the bill until June 10. The junior Senator from California [Mr. KNOWLAND] brought forth some facts which show that Congress does not really make a start at getting the appropriation bills enacted by June 10. Is it in the Senator's contemplation that if by June 10 we do not have a complete picture on appropriations there will be a further delay?

Mr. McCLELLAN. I will answer the Senator by saying that of course I am not the author of the motion which is pending, but if I were to plan the program myself I should certainly want to defer it until we had ascertained how much we can reduce the cost of Government, and I refer to the effort being made to reduce it below the budget estimate submitted by the President.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. McCLELLAN. Yes.

Mr. MILLIKIN. Of course it would be a futile thing to postpone the bill until June 10, if by that date we did not receive the type of information which the distinguished Senator wants to have.

Mr. McCLELLAN. Yes.

Mr. MILLIKIN. And if we did not have sufficient information by that time, of course, under that theory, another postponement, I assume, would be in order.

Mr. McCLELLAN. I am sure we could at least anticipate that we would have more information than we now have. We would have made some further progress by June 10 with respect to appropriations for the next fiscal year. We could at least tell by that time what action the House had taken, which would be indicative of the prospects of cuts from the budget in accordance with what has been recommended. I say frankly, Mr. President, that in my judgment we cannot very wisely legislate on tax reduction until we know more about appropriations. As has been stated since the bill has been under discussion, no one can know what the national income will be during the next fiscal year. It is always a guess. But we can make a more intelligent guess, Mr. President; we can speculate more accurately if we have more knowledge of what the expenditures will be.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. McCLELLAN. I am glad to yield.

Mr. MILLIKIN. I do not want to interrupt the Senator unduly, but it is interesting to know that the Treasury

Department made estimates with respect to the fiscal year 1947, after all the appropriation bills were in, and it was found that the range of mistake, or, at least, the range of the estimates—after all the appropriation bills were in and had been made into law—exceeded \$1,000,000,000.

Mr. McCLELLAN. Mr. President, I can very well appreciate that that is about as close as anyone could come to the exact figure, when we are dealing with \$40,000,000,000 a year. Under those circumstances, if the Treasury can come within a billion dollars of estimating correctly what the expenses of Government are going to be, and if we can do that well each year as we approach legislation making appropriations we shall not err very far in dealing with total expenditures of \$35,000,000,000 or \$40,000,000,000 a year. If the Treasury can come that close, we shall have sufficient information to enable us to legislate wisely both with respect to appropriations and also with respect to taxes.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MYERS. I think the Senator from Colorado was referring to the national income, which would amount to \$170,000,000,000 or \$180,000,000,000 a year.

Mr. McCLELLAN. I thought the Senator from Colorado meant tax revenues.

Mr. MILLIKIN. I was not referring to the national income.

Mr. President, would it be an imposition on the Senator from Arkansas for me to state at this time the exact facts in regard to that matter?

Mr. McCLELLAN. No; I should be happy to have the Senator do so.

Mr. MILLIKIN. The expenditure estimate for the fiscal year 1947, as made by the Bureau of the Budget last August, after appropriations had been completed, was \$41,500,000,000.

In January 1947 that was revised to \$42,500,000,000, a difference of \$1,000,000,000.

More recently, on April 19, 1947, the expenditures were revised downward to \$41,250,000,000, a difference of \$1,250,000,000 from the January estimates.

My point is that those estimates were made, and were found to be grievously wrong, even after those who made them had the benefit of knowing what Congress had done with the appropriation bills.

Mr. McCLELLAN. Mr. President, I do not agree with the Senator from Colorado that that is such a bad error of judgment. I reassert what I said a moment ago: that if our Treasury Department can continuously come that close in estimating what the expenditures of our Government will be and what the Government's revenues will be, each year, then I think we can legislate wisely and with reasonable intelligence with respect to these matters.

Mr. President, for the reasons which I have already stated and which I shall not take time to amplify further, I shall vote for the motion to postpone. I think it would be better to postpone until pos-

sibly June 30, when all of the appropriations shall have been made, than it would be to postpone until June 10. However, I did not fix that date. But any postponement at the present time will provide further opportunity for us to be better informed when we undertake to act on this bill.

Mr. President, I am not opposed to this measure. I do not know yet whether I shall vote for it or against it. I am anxious to see tax reductions made. I do know that it will be a great mistake, however, and one which will not be easily rectified, for us not to pay high taxes now, while we have a high national income and while we have a heavy debt and while we still have an annual operating cost of government in an amount of approximately \$35,000,000,000. If we lower taxes now, and if we get them too low, it will not be easy for this Congress or the next Congress in time of peace to enact a tax bill increasing taxes—which already are extremely high, and of necessity so, because of the great emergency through which this Nation and the rest of the world recently passed.

If we are going to reduce taxes, then I am concerned about how we shall do it and where the relief will be given and the extent of relief which will be afforded and how it will be spread so as to benefit all taxpayers alike and equitably. Mr. President, if I could have my way about this tax bill, the first reduction in taxes which I would provide for would be to the man who today is having difficulty earning sufficient money to provide the necessities of life for himself and his family. During recent years, and because of the necessities of financing one of the greatest military efforts the world has ever known, it became necessary continuously to increase taxes and to reduce the personal exemptions which theretofore had been granted to the individual taxpayers of the United States. In doing so, the point has been reached where, today, under existing law, a man and wife earning more than \$1,000 have to pay some Federal income tax; if they make more than \$1,000 a year, a married man today has to pay a Federal income tax. Mr. President, in view of the present high cost of living, no man and wife, no head of a family, today can stretch \$1,000 far enough to make it provide the actual necessities of life. When I say "the actual necessities of life," I mean those necessities which we regard as necessities under our standard of living. I do not say that \$1,000 would not be sufficient to enable them to barely exist; surely they could barely exist on that amount. But under present conditions, and existing law, we are actually taking taxes from the wage earners in the lower brackets and in the lower income groups; and when we do that, we are simply taking away from them some of the necessities which they can hardly afford to forego.

I think the first tax relief granted should be given to those who now are being required to pay taxes, but who should have a greater allowance and a greater

exemption in order that they may have a proper standard of living.

Mr. President, I have looked into this matter and have inquired with respect to it, having in mind that I would offer an amendment to increase exemptions to \$1,000 for a single person and to \$2,000 for the head of a family. However, I found that on that basis the loss of revenues would be too great, I think—greater than we should undertake or risk at this time. If I recall correctly, according to the Treasury's estimate, exemptions made on that basis would decrease the Treasury's revenues by approximately \$5,000,000,000, and would remove 18,000,000 persons from the tax rolls.

Then I inquired with respect to raising the personal exemption to \$750 for a single person and to \$1,500 for the head of a family. I find that on that basis, between 8,000,000 and 9,000,000 persons would be removed from the tax rolls, and there would be a loss of revenue in the amount of approximately \$3,000,000,000.

I hope Senators will bear that figure in mind, because the pending tax bill, as it passed the House, provides for an estimated reduction or loss of revenue of \$3,800,000,000.

Mr. President, I am most anxious to see the personal exemption raised, and although I have spoken about those who would benefit most, those in the low income brackets, let us remember that it applies all the way across the board, and in proportion to the taxpayer's earnings, and his wealth and his ability to pay he gets a reduction. Therefore, on that basis we still maintain our taxes so that those most able to pay are the ones who pay and those least able to pay get the most relief under the amendment which I have proposed.

Mr. President, I know there are other taxes which are too high and which should be reduced, and I hope the time will come when we can reduce them. I doubt if that time is now. But if the majority of the Congress felt that these others reductions could with safety be made, of course I might disagree, but they would be made.

There is another very serious situation which I want to see corrected. Irrespective of what conditions are with reference to taxation—and the conditions about which I have spoken are known to all of us—it is never the wrong time to right a wrong if it can be righted. I call attention to the fact that one of the amendments which I shall propose would have the effect, when enacted into law, of placing all individual income taxpayers of this Nation on the same basis, that it will do equity between them, whereas under existing law there is inequity and injustice. There are 10 States now—since the last few days another was added; there have been 9 for some time—there are 10 States now which have what are known as community property laws. I have no quarrel with those States. They have the right to have such a system of laws. Probably it is a good system which perhaps all the other States should adopt; I do not know.

Mr. HATCH. I wonder if the Senator would mind striking the word "probably" from his remarks.

Mr. McCLELLAN. If the Senator does not like that word I shall strike it out and say "they should." Irrespective of that, whether they choose to do so or not, that does not warrant our Government perpetuating a tax policy and a tax structure which does an injustice, and discriminates among many American citizens.

Mr. President, I have had some tables prepared by the Treasury Department which I wish to place in the RECORD, which will support the statements I have made with reference to increasing personal exemptions, and also with respect to community property.

Mr. MILLIKIN. How much does the Senator propose the exemptions be raised?

Mr. McCLELLAN. To \$750 for single persons, and to \$1,500 for heads of families.

The first table I shall present, and ask unanimous consent to have inserted in the RECORD at this point, is a table showing comparisons between individual income taxes under the present law, and under the present law, if amended, by increasing the exemption from \$500 to \$750 for single persons.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE NO. 1.—Single person, no dependents—comparison of individual income tax under present law, and present law amended by increasing exemption from \$500 to \$750

Net income before personal exemption	Amount of tax		Reduction in tax—present law, with exemption increased to \$750	Percent tax reduction—present law, with exemption increased to \$750
	Present law	Present law, with exemption increased to \$750		
				Percent
\$500.....			\$19.00	100.00
\$600.....	\$19.00			100.00
\$700.....	38.00		38.00	100.00
\$750.....	47.50		47.50	100.00
\$800.....	57.00	\$9.50	47.50	83.33
\$900.....	76.00	28.50	47.50	62.50
\$1,000.....	95.00	47.50	47.50	50.00
\$1,200.....	133.00	85.50	47.50	35.71
\$1,500.....	190.00	142.50	47.50	25.00
\$2,000.....	285.00	237.50	47.50	16.67
\$2,500.....	380.00	332.50	47.50	12.50
\$3,000.....	484.50	432.25	52.25	10.78
\$4,000.....	693.50	641.25	52.25	7.53
\$5,000.....	921.50	869.75	61.75	6.70
\$6,000.....	1,168.50	1,106.75	61.75	5.28
\$7,000.....	1,434.50	1,363.25	71.25	4.97
\$8,000.....	1,719.50	1,648.25	71.25	4.14
\$9,000.....	2,023.50	1,942.75	80.75	3.99
\$10,000.....	2,346.50	2,265.75	80.75	3.44
\$15,000.....	4,270.25	4,158.63	111.62	2.61
\$25,000.....	9,362.25	9,222.13	140.12	1.50
\$50,000.....	25,137.00	24,966.00	171.00	(1)
\$100,000.....	63,540.75	63,334.13	206.62	(1)
\$150,000.....	105,896.25	105,584.88	311.37	(1)
\$200,000.....	148,551.50	148,337.75	213.75	(1)
\$250,000.....	191,771.75	191,555.63	216.12	(1)
\$300,000.....	234,886.75	234,670.63	216.12	(1)
\$350,000.....	277,902.75	277,686.63	216.12	(1)
\$400,000.....	320,918.75	320,702.63	216.12	(1)
\$450,000.....	363,934.75	363,718.63	216.12	(1)
\$500,000.....	406,950.75	406,734.63	216.12	(1)
\$5,000,000.....	4,275,000.00	4,275,000.00		

¹ Less than 1 percent.

Source: Joint Committee on Internal Revenue.

Mr. McCLELLAN. Mr. President, the second table makes comparison between individual income taxes under present law, and what the taxes would be if the law was amended by increasing the exemption from \$1,000 to \$1,500 for

married persons. I will ask that this table be incorporated in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE NO. 2.—Married person, no dependents—Comparison of individual income tax under present law, and present law amended by increasing exemption from \$1,000 to \$1,500; also allowing splitting of income

Combined net income before personal exemption	Amount of tax		Reduction in tax		Percent tax reduction	
	Present law ¹	Exemption increased to \$1,500	Exemption increased to \$1,500	Exemption increased to \$1,500	Exemption increased to \$1,500	Exemption increased to \$1,500
		Without splitting of income ¹	With splitting of income	Without splitting of income	With splitting of income	Without splitting of income
						Percent
\$1,000.....						Percent
\$1,200.....	\$38.00			\$38.00	\$38.00	100.00
\$1,500.....	95.00			95.00	95.00	100.00
\$2,000.....	190.00	\$95.00	\$95.00	95.00	95.00	50.00
\$2,500.....	285.00	190.00	190.00	95.00	95.00	33.33
\$3,000.....	380.00	285.00	285.00	95.00	95.00	25.00
\$4,000.....	589.00	484.50	475.00	104.50	114.00	17.74
\$5,000.....	798.00	693.50	665.00	104.50	133.00	13.10
\$6,000.....	1,045.00	921.50	864.50	123.50	180.50	11.82
\$7,000.....	1,292.00	1,168.50	1,073.50	123.50	218.50	9.56
\$8,000.....	1,577.00	1,434.50	1,282.50	142.50	294.50	9.04
\$9,000.....	1,862.00	1,719.50	1,491.50	142.50	370.50	7.65
\$10,000.....	2,185.00	2,023.50	1,719.50	161.50	465.50	7.39
\$15,000.....	4,047.00	3,842.75	3,011.50	204.25	1,035.50	5.05
\$25,000.....	9,082.00	8,801.75	6,279.50	280.25	2,802.50	3.09
\$50,000.....	24,795.00	24,463.00	18,444.25	342.00	6,350.75	1.38
\$100,000.....	63,127.50	62,714.25	49,932.00	413.25	13,195.50	(2)
\$150,000.....	105,383.50	104,960.75	86,568.75	422.75	18,814.75	(2)
\$200,000.....	148,124.00	147,696.50	126,668.25	427.50	21,455.75	(2)
\$250,000.....	191,339.50	190,907.25	168,914.75	432.25	22,424.75	(2)
\$300,000.....	234,555.00	234,122.75	201,111.25	437.25	23,433.25	(2)
\$350,000.....	277,771.50	277,339.25	243,236.25	442.25	24,333.25	(2)
\$400,000.....	320,988.00	320,555.75	285,361.25	447.25	25,233.25	(2)
\$450,000.....	364,204.50	363,772.25	327,486.25	452.25	26,133.25	(2)
\$500,000.....	407,421.00	406,988.75	369,611.25	457.25	27,033.25	(2)
\$5,000,000.....	4,275,000.00	4,275,000.00	4,273,361.25		1,638.75	(2)

¹ Entire income reported by husband on joint return.

² Less than 1 percent.

Mr. McCLELLAN. Mr. President, this table also shows what the difference in taxes would be based on the present law if the other amendment which I presented, the one providing for what is known as the "splitting of incomes"—which is the Treasury term for it—should be adopted. These tables will show the picture of what we are trying to correct, so that Senators may make comparisons and come to an intelligent decision.

The next table I shall offer is one showing a comparison of individual income taxes payable under present law on specified net incomes by husband and wife residing in a community-property State, with the tax payable by a person with the same income in a non-community-property State, and I wish to make some comparisons based on this table.

Let us take the case of a man who has an income of \$10,000, and is a resident of a community-property State. Under present law he would pay \$1,843 a year Federal income tax. The American citizen living over the line in another State which does not have the community-property system, having the same income of \$10,000, would pay \$2,185 Federal income tax, based on present law. In other words, he pays \$342 a year more than does the citizen with the same income living over the line in another State.

Mr. President, I will state why this is so emphasized in my thinking and so important to my State. It is because

three community-property States border on my State. They are Louisiana, Texas, and Oklahoma. In Texarkana, a city on the line between the State of Texas and the State of Arkansas, many people have their businesses in Arkansas but move over the line into the State of Texas in order to get the advantage of this tax discrimination.

Mr. HATCH. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I am glad to yield.

Mr. HATCH. I wish to ask the Senator a question merely for information. It seems to me I have heard that at one time the Senator's State was a community-property State, and that the system was voluntarily abandoned. Is that correct or not?

Mr. McCLELLAN. I am sure that is not true. It has not been the fact since I have known anything about the State, and I am familiar with its history.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. I think the able Senator from Arkansas has already pointed out that any State which desires to do so might become a community-property State, or at least most of the States might, under their constitutions and under their laws.

I merely wish to point out, for the sake of the record, that for a State to adopt the community-property system has not been a method of tax evasion, by any

stretch of the imagination, but it is something which has come down to a good many of the Western States from the Mexican law. As a matter of fact, it is something in which I am sure the women of the Nation have a vital concern, because in my State of California, which is a community-property State, the law considers that half the husband's earnings belong to the wife, not at the time of the husband's death but she is a co-partner. As a matter of fact, if the wife dies prior to the death of the husband, she has full power of testamentary disposition of the community property created during the marriage; so that it is a factual situation facing us and not a method of tax evasion of any kind.

Mr. McCLELLAN. I have said nothing, so far as I know, implying that this is a practice for tax evasion on the part of community-property States. I recognize that what the Senator says is true. It is said that perhaps there should be a uniform community-property law for all States. In Arkansas, by a different kind of law, husband and wife are given the right to form a business partnership. While by law it may be done in California and other community-property States, in Arkansas a husband may not, by gift, bestow upon his wife a half interest in his property or his income and have it so recognized for the purposes of Federal income tax, although it is under the Arkansas law; but if the husband makes the gift and pays the Federal gift tax on it to the Federal Government, the wife still cannot receive the income from her half interest, though it is recognized as her property; the husband is still required to pay the Federal income tax on it, although his wife legally owns it. I submit that if the Bureau of Internal Revenue feels itself under moral or legal obligation to recognize community-property laws in a State such as California, it should likewise recognize the partnership laws of Arkansas and other States. If a man, as a matter of choice, not as a matter of legal requirement, forms a partnership with his wife and divides his income with her, as well as his property and business, then the Government, recognizing the community-property law of certain States, should likewise recognize the Arkansas partnership law. As long as the law exists as it now is, and as long as the ruling stands, with resulting injustices and discriminations perpetrated not only upon the people of my State but upon the people of 37 other States, I shall make every effort to have justice done, and this defenseless injustice removed from our tax system and laws.

Mr. KNOWLAND. Mr. President, will the Senator yield to me for a moment at this point?

Mr. McCLELLAN. I am glad to yield.

Mr. KNOWLAND. Of course, in dealing with the problem of taxation, inequities are encountered which should be eliminated after hearings before proper committees of the Senate and House, where the full facts should be presented. But, while the able Senator from Arkansas is mentioning certain inequities, I

merely wish to call his attention to one growing out of the 1942 Federal estate taxes. When a decedent in a community-property State dies, the Federal Government levies an estate tax on the entire community-partnership property, except, first, property received as compensation for personal services rendered by the surviving spouse, and, second, property derived originally from the survivor's separate property.

Suppose a husband and wife in California accumulate a community-partnership estate of \$300,000. The husband does not own \$300,000 of that partnership property; he owns only half of it. The wife owns the other half. For example, she may will her half as she pleases, free of her husband's control. In the event of a divorce, she is entitled to half the property, as a matter of right. The wife's power of testamentary disposition is not a fiction; it is a fact. The Federal Government cannot tell a divorced husband in California that his wife's community-partnership rights are unreal. He knows better.

Under the 1942 estate-tax law, if the husband dies first, the entire \$300,000 is considered as forming a part of his estate. Half of that estate was his wife's, and subject to her right to dispose of it by will; but it falls into the decedent's estate. Thus, in California and other community-partnership States, but only in such States, a deceased husband's estate is taxed on property he did not own and had never owned, property not subject to his testamentary disposition, property not transferred at his death. In the community-partnership States a widow is compelled to pay an estate tax on property that legally belongs to her, has always belonged to her, and is subject to her sole testamentary disposition.

I merely mention that at this time, to show that there are other inequities in other fields which, possibly, when the permanent tax legislation is being considered next year, should be gone into thoroughly before the Senate Finance Committee, with ample opportunities for all sides to present their views for curing the inequities wherever they may exist.

Mr. McCLELLAN. Then the Senator agrees with me that the inequities ought to be corrected?

Mr. KNOWLAND. I think certainly that very careful study must be given to the whole problem, in order to iron out whatever inequities may exist.

Mr. McCLELLAN. I can agree with the Senator that certain other inequities exist that ought to be ironed out. If they affect community-property States, as the Senator related, and I feel sure the Senator would be doing his State and his people a service if he would undertake to have those inequities eliminated; just as I am trying to have removed this particular inequity, which affects the people of my State.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield.

Mr. MILLIKIN. I should like to say that the Senate Committee on Finance was much impressed by the very excellent argument which the senior Senator from Arkansas presented to it on this subject. It was the opinion of at least a majority of the committee that, at this time, efforts should be concentrated on giving Federal income tax reduction relief. That necessarily precluded ironing out all the 15 or 20 group inequities for which there is much argument. The House Ways and Means Committee has started its hearings, and the subject which the Senator is discussing is one for top consideration by that committee. I assure the Senator it will be a subject for top consideration by the Senate Finance Committee in connection with the general revision bill.

A moment ago I mentioned that it was the opinion of the majority of the committee that we should not undertake to write a general revision bill at this time. The Senator's proposal would benefit 5,400,000 people. It would cost, I assume, perhaps \$750,000,000.

Mr. McCLELLAN. To which amendment does the Senator refer?

Mr. MILLIKIN. The split-income amendment. That amendment would benefit a total of 5,400,000 married persons.

Mr. McCLELLAN. The Senator says it would benefit them; does he not mean it would remove the inequity to which I have referred?

Mr. MILLIKIN. Yes; by removing it, it would benefit them. The committee had the choice of whether we would go through all the group inequities and try to write a general revision bill at this time, or whether we would concentrate on a general income tax reduction bill. Of course, the general income tax reduction bill will benefit all the people who would be benefited by the Senator's measure; but, in some cases, not in the same degree. The Senator's proposal would not benefit people in low income tax brackets, nor would it benefit those in the very high income tax brackets. It would not benefit single persons. It would not benefit widows with children, or widowers with children. It would not benefit married couples, who have approximately equal income.

Mr. McCLELLAN. While the Senator says it would not benefit that class of people, I say it certainly would do them no harm. They would not be harmed by it.

Mr. MILLIKIN. I am not saying that they would be harmed, except that when we establish a benefit for a special group, the whole group must bear the cost of the benefit.

Mr. McCLELLAN. The Senator refers to them as "a special group." If we are in fact correcting a wrong, removing an injustice under which we are now suffering, we are the special group which is suffering, and we ought to have the relief.

Mr. MILLIKIN. I am not arguing against the removal of the injustice. I merely wanted to make it clear why the Senate Finance Committee did not accept at this time the Senator's suggestion.

Mr. McCLELLAN. I appreciate that statement, and I appreciate the problem which confronted the finance committee. The able Senator from Colorado has been very kind, and I am sure he has given this matter the consideration he felt he could give to it at this time. But I do want to emphasize the need for correcting this injustice, and I say that whether the present Congress acts or not, some Congress is going to correct it. The people of 38 States will expect it to be done, and it will be done.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. TYDINGS. I was listening to the colloquy between the able Senator from Colorado and the able Senator from Arkansas. The Senator from Colorado pointed out that the amendment of the Senator from Arkansas would benefit a special group. As I see it, without the amendment of the Senator from Arkansas a benefit will be perpetuated in a special group, which is not rightfully an equal distribution of the burden of taxation. The Senator is attempting to put everyone on the same level whereas the law as it now stands favors a special group and we should not favor any special group in the levying of taxes.

Mr. McCLELLAN. That is the very point I was undertaking to make; that while those who would benefit by this proposal may be referred to as a special group they are also a special group which is now at a great disadvantage.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield to the Senator from New Mexico.

Mr. HATCH. I disagree with my distinguished and able friend, the Senator from Maryland when he says that the people of the community-property States are receiving special benefits. Later during the debate, when these amendments come up, I hope we may discuss the entire subject of community property.

I wish to point out some of the burdens that rest upon people under the community property relationship and law. It is not all benefit by any means. I desire to emphasize again what the Senator from California has just said, that our community property law is a law relating to property, one strictly and solely within the rights of each sovereign State. Both the Senator from Arkansas and the Senator from Maryland will agree that each State has the undoubted right to establish its own laws regarding property. I point out again that the community property law has been in effect for a long time in my State and in most of the other community property States, long before there was any income tax or any Federal estate tax of any kind. It was a rule of property which we deemed to be a wise rule, one relating to the marital relationship and property, and also covering certain social aspects of that relationship. Under that law the wife is the absolute owner of one-half of all property acquired during

marriage by the joint efforts of husband and wife. Nothing the husband can do can divest her of that ownership.

As I said, I do not want to discuss those things now, but I wish to point out this one thing, that the greatest wrong and injustice that has ever been done under any tax law was the law to which the Senator from California referred, by which the Federal Government levies an estate tax upon the property of a widow which is her own property, title being vested in her by the provisions of the community property law, and title not passing by reason of the death of the husband. The law in question did a great wrong and injustice. It was in my opinion, before the Supreme Court passed on it, clearly unconstitutional, but that question is now foreclosed. The Supreme Court has passed on it. It does remain the right of Congress to correct that clear wrong and injustice.

Generally on the proposition of the right of the non-community-property States to secure any adjustment which they see fit, I will say that I have no objection to that. I think that the amendment as offered now should be improved. I think the whole subject should be considered and other injustices corrected at the same time. But certainly the people in the community property States are not seeking any advantage over the people in any other State. We do not want the Congress, however, at any time to interfere with and take from us that which by the laws of our own States we have determined is ours, and under which laws we have had long experience.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield.

Mr. TYDINGS. I should like to say to the Senator from New Mexico that what he has said is accurate respecting each State having the right to pass laws affecting the ownership of and succession and other phases connected with property. I would be the last individual in the world to want to invade that field. What I am trying to say to the Senator is that in the levying of a Federal rather than a State tax—without reflecting at all on the system that may prevail in his State or in any other State—the Federal Government should devise its law so that people with the same income, or a man and wife with the same income, whatever the situation may be, will pay an equal tax to the Federal Government as differentiated from the State Government, whether they live in Maine or whether they live in New Mexico or California. I think it is our duty so to devise our tax law, certainly in line with the philosophy of the amendment offered by the Senator from Arkansas, as to make the burden of taxation equal on all the citizens of the country. Assuredly I did not intend, and do not intend now, to cast the least reflection on any of the community property States, which have only done what they have a right to do. Naturally the Federal Government in entering that field ought to be sensitive to the rights and the set-ups there. But I think that

when we devise a law, if it is proposed to place less of a tax burden for the same income on the people of the community-property States, we should seek so to write the law that the burden shall apply equally all over the whole country. That was the point I had in mind.

I should like to say further that, while the Senator can very well point out and cite abundant instances of people in community-property States incurring liabilities and responsibilities which people in other States do not have, yet that should not deter us in the Federal field from trying to make our tax laws apply to all our people with as much equality as is humanly possible.

Mr. HATCH. Mr. President, will the Senator again yield?

Mr. McCLELLAN. I yield.

Mr. HATCH. The only thing I wanted to suggest was that so long as the two systems prevail, the community-property system on the one hand and the common-law system on the other, there is going to be great difficulty in bringing about proper uniformity between the two systems. That is not the fault of the common-law States nor the fault of the community-property States.

Mr. TYDINGS. That is true.

Mr. HATCH. Frankly, my own opinion is that the community property law is so far superior to the common law, that each State in the Nation should adopt the community property system. Of course, that is a matter for each State to determine for itself, but if each should adopt it, then all States would be on the same basis, and there would be no trouble about the enactment of Federal laws.

Mr. TYDINGS. I think there is a great deal to be said for the community-property idea. Like all good ideas, some unfavorable things are said about it. One of the reasons why it would be difficult for a common-law-property State to be converted into a community-property State is that such a conversion would entail not only the abstract idea, but the refinement of many laws and tax systems which would make it a superhuman undertaking if it were sought to avoid inflicting unintentional injustices, penalties, and liabilities on the people of such State. I believe that as time goes on such a system may evolve. I do not take issue with the statement that it has many good points of equity and justice as between man and wife, and as between the family and the State. My point is that within the limit of reasonable possibility, when we frame a national tax law we ought to try to frame it so that so far as the payment of Federal taxes is concerned, a man and wife, wherever they are situated, will pay the same amount on the same income, regardless of the locus of the family.

Mr. HATCH. Mr. President, will the Senator further yield?

Mr. McCLELLAN. I yield.

Mr. HATCH. Of course, the general aim and objective which the Senator

from Maryland has stated, with respect to having uniformity in all the States on the question of Federal taxation, is one which we all would like to accomplish. But in the relations between husband and wife, the situation differs in the various States. In some States they have separate estates. The wife has her estate and the husband has his, and the income is divided for income tax purposes, just as in the community-property States. The wife who has separate property under the laws of the State in which she lives has no greater title to that separate property than the wife in the community-property State has to her share of the community property.

I shall not press the argument at this time. The Senator wishes to proceed. There is much to be considered in connection with the entire question.

Mr. McCLELLAN. Mr. President, from what the Senator from New Mexico says, I know that a problem exists. I am not as familiar with the laws of the community-property States as is the Senator, because he lives under such laws in his State. But if the inequity with respect to the inheritance tax which the Government imposes compares with the one we feel with respect to the difference in income taxes, I will say to the Senator that I believe that both Senators from Arkansas will join hands with him, and march together in trying to correct these inequities by enacting a law which will do justice to the Senator's State, to mine, and to all other States.

Mr. HATCH. I shall be most happy to cooperate with the Senator. I am sure that all of us from the community-property States will be glad to cooperate in as fair an adjustment as possible of

the so-called inequities and discriminations.

Mr. McCLELLAN. Mr. President, this is not an attack by me on the community-property States or the laws of those States. It is simply an effort on my part to focus attention upon a discrimination which exists. Let us find a way to right it as soon as we can do so.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks table No. 3, showing the situation of married persons with no dependents, and containing a comparison of individual income tax payable under the present law on specified net income by a husband and wife residing in a community-property State with the tax payable in a non-community-property State.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE NO. 3.—Married persons, no dependents—Comparison of individual income tax payable under present law on specified net incomes by a husband and wife residing in a community-property State with tax payable in a non-community-property State

Combined net income before personal exemption	Tax payable		Amount and percent greater tax in non-community-property State	
	Community-property State ¹	Non-community-property State ²	Amount	Percent
\$1,000.....				
\$1,200.....	\$38.00	\$38.00		
\$1,500.....	95.00	95.00		
\$2,000.....	190.00	190.00		
\$2,500.....	285.00	285.00		
\$3,000.....	380.00	380.00		
\$4,000.....	570.00	589.00	\$19.00	3.33

TABLE NO. 4.—Amounts of individual income tax under present law,¹ H. R. 1 as reported to the Senate for 1948, and plans to modify the reported bill by either (1) exemption increases to \$750, \$1,500, and \$500, for single persons, married couples, and dependents, respectively, (2) income splitting, or (3) both the exemption increases and income splitting, for specified amounts of net income

MARRIED PERSON²—NO DEPENDENTS

Net income before personal exemption (1)	Amounts of tax				
	Present law (2)	H. R. 1 as reported to Senate for 1948 ² (3)	Reported bill modified by ³		
			Exemption increases to \$750, \$1,500, \$500 (4)	Income splitting (5)	Exemption increases to \$750, \$1,500, \$500, and income splitting (6)
\$1,200.....	\$38	\$27		\$27	
\$1,500.....	95	67		67	
\$2,000.....	190	133		133	\$67
\$2,500.....	285	228		200	133
\$3,000.....	380	304		266	200
\$4,000.....	570	471		388	366
\$5,000.....	798	638		555	532
\$6,000.....	1,045	836		737	692
\$8,000.....	1,577	1,262	1,148	1,110	1,025
\$10,000.....	2,185	1,748	1,619	1,474	1,376
\$15,000.....	4,047	3,238	3,074	2,523	2,409
\$25,000.....	9,028	7,266	7,041	5,168	5,024
\$50,000.....	24,795	19,836	19,562	14,980	14,755
\$100,000.....	63,128	51,283	50,932	40,219	39,946
\$250,000.....	191,340	160,264	159,896	139,187	138,828
\$500,000.....	407,465	351,574	351,187	321,262	320,895
\$750,000.....	623,590	544,949	544,562	510,546	510,159
\$1,000,000.....	839,715	738,324	737,937	703,921	703,534
\$5,000,000.....	\$4,275,000	\$3,825,000	\$3,825,000	3,797,921	3,797,534

¹ Internal Revenue Code, as amended by the Revenue Act of 1945.

² Assumes 1 spouse has all the income.

³ Assumes taxpayer is under 65 years of age.

⁴ Taking into account maximum effective rate limitation of 85.5 percent.

⁵ Taking into account maximum effective rate limitation of 76.5 percent.

NOTE.—Computations were made from unrounded figures and will not necessarily agree with figures computed from the rounded amounts and percentages shown.

Source: Treasury Department, Division of Tax Research.

TABLE NO. 8.—Married persons, no dependents—Comparison of individual income tax payable under present law on specified net incomes by a husband and wife residing in a community-property State with tax payable in a non-community-property State—Continued

Combined net income before personal exemption.	Tax payable		Amount and percent greater tax in non-community-property State	
	Community-property State ¹	Non-community-property State ²	Amount	Percent
\$5,000.....	\$760.00	\$798.00	\$38.00	5.00
\$6,000.....	969.00	1,045.00	76.00	7.84
\$7,000.....	1,178.00	1,292.00	114.00	9.68
\$8,000.....	1,387.00	1,577.00	190.00	13.70
\$9,000.....	1,596.00	1,862.00	266.00	16.67
\$10,000.....	1,843.00	2,185.00	342.00	18.56
\$15,000.....	3,154.00	4,047.00	893.00	28.31
\$25,000.....	6,460.00	9,082.00	2,622.00	40.59
\$50,000.....	18,724.50	24,795.00	6,070.50	32.42
\$100,000.....	50,274.00	63,127.50	12,853.50	25.57
\$150,000.....	86,953.50	105,383.50	18,430.00	21.20
\$200,000.....	127,081.50	148,124.00	21,042.50	16.56
\$250,000.....	169,337.50	191,339.50	22,002.00	12.99
\$500,000.....	383,543.50	407,464.50	23,921.00	6.24
\$750,000.....	599,668.50	623,589.50	23,921.00	3.99
\$1,000,000.....	815,793.50	839,714.50	23,921.00	2.93
\$2,000,000.....	1,680,293.50	1,704,214.50	23,921.00	1.42
\$5,000,000.....	4,273,793.50	4,275,000.00	1,206.50	.03

¹ Income divided evenly between husband and wife.

² Entire income reported by husband on joint return.

Mr. McCLELLAN. Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, table No. 4, which shows the amounts of individual income tax under the present law, under House bill 1 as reported to the Senate, and under the provisions of the bill as it is proposed to be amended by the two amendments which I have discussed today.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Mr. McCLELLAN. Mr. President, I have spoken longer than I intended. I wish to hurry through. I shall have an opportunity later to speak on this subject, when I present the amendments.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks tables Nos. 5 and 6, which are related tables, together with footnotes to tables 4 to 6, inclusive, show-

ing how the two amendments would affect the present tax bill and the present tax law.

There being no objection, the tables and footnotes were ordered to be printed in the RECORD, as follows:

TABLE NO. 5.—Comparison of effective rates of individual income tax under present law,¹ H. R. 1 as reported to the Senate for 1948, and plans to modify reported bill by either (1) exemption increases to \$750, \$1,500, and \$500, for single persons, married couples, and dependents, respectively, (2) income splitting, or (3) both the exemption increases and income splitting, for specified amounts of net income

MARRIED PERSON²—NO DEPENDENTS

Net income before personal exemption	Effective rates				
	Present law	H. R. 1 as reported to Senate for 1948 ³	Reported bill modified by ³ —		
			Exemption increases to \$750, \$1,500, \$500	Income-splitting	Exemption increases to \$750, \$1,500, \$500, and income-splitting
	Percent	Percent	Percent	Percent	Percent
\$1,200.....	3.2	2.2		2.2	
\$1,500.....	6.3	4.4		4.4	
\$2,000.....	9.5	6.7	3.3	6.7	3.3
\$2,500.....	11.4	9.1	5.3	8.0	5.3
\$3,000.....	12.7	10.1	7.6	8.9	6.7
\$4,000.....	14.7	11.8	9.7	11.4	9.2
\$5,000.....	16.0	12.8	11.1	12.2	10.6
\$6,000.....	17.4	13.9	12.3	12.9	11.5
\$8,000.....	19.7	15.8	14.3	13.9	12.8
\$10,000.....	21.9	17.5	16.2	14.7	13.8
\$15,000.....	27.0	21.6	20.5	16.8	16.1
\$25,000.....	36.3	29.1	28.2	20.7	20.1
\$50,000.....	49.6	39.7	39.1	30.0	29.5
\$100,000.....	63.1	51.3	50.9	40.2	39.9
\$250,000.....	76.5	64.1	64.0	55.7	55.5
\$500,000.....	81.5	70.3	70.2	64.3	64.2
\$750,000.....	83.1	72.7	72.6	68.1	68.0
\$1,000,000.....	84.0	73.8	73.8	70.4	70.4
\$5,000,000.....	85.5	76.5	76.5	76.0	76.0

¹ Internal Revenue Code, as amended by the Revenue Act of 1945.

² Assumes 1 spouse has all the income.

³ Assumes taxpayer is under 65 years of age.

NOTE.—Computations were made from unrounded figures and will not necessarily agree with figures computed from the rounded amounts and percentages shown.

Source: Treasury Department, Division of Tax Research.

TABLE NO. 6.—Decrease in amounts and effective rates of individual income tax under present law,¹ H. R. 1 as reported to the Senate for 1948, and plans to modify reported bill by either (1) exemption increases to \$750, \$1,500, and \$500, for single persons, married couples, and dependents, respectively, (2) income splitting, or (3) both the exemption increases and income splitting, for specified amounts of net income

MARRIED PERSON²—NO DEPENDENTS

Net income before personal exemption	Decrease in amounts of tax compared with present law				Percentage-point decrease in effective rates compared with present law			
	H. R. 1 as reported to Senate for 1948 ³	Reported bill modified by ³			H. R. 1 as reported to Senate for 1948 ³	Reported bill modified by ³		
		Exemption increases to \$750, \$1,500, \$500	Income splitting	Exemption increases to \$750, \$1,500, \$500, and income splitting		Exemption increases to \$750, \$1,500, \$500	Income splitting	Exemption increases to \$750, \$1,500, \$500, and income splitting
					Percent	Percent	Percent	Percent
\$1,200.....	\$11	\$38	\$11	\$38	1.0	3.2	1.0	3.2
\$1,500.....	29	95	29	95	1.9	6.3	1.9	6.3
\$2,000.....	57	124	57	124	2.9	6.2	2.9	6.2
\$2,500.....	57	152	86	152	2.3	6.1	3.4	6.1
\$3,000.....	76	152	114	181	2.5	5.1	3.8	6.0
\$4,000.....	118	201	133	223	2.9	5.0	3.3	5.6
\$5,000.....	160	243	190	266	3.2	4.9	3.8	5.3
\$6,000.....	209	308	270	353	3.5	5.1	4.5	5.9
\$8,000.....	315	429	467	551	3.9	5.4	5.8	6.9
\$10,000.....	437	566	711	809	4.4	5.7	7.1	8.1
\$15,000.....	809	973	1,324	1,638	5.4	6.5	10.2	10.9
\$25,000.....	1,816	2,041	3,914	4,058	7.3	8.2	15.7	16.2
\$50,000.....	4,959	5,233	9,815	10,040	9.9	10.5	19.6	20.1
\$100,000.....	11,844	12,195	22,908	23,182	11.8	12.2	22.9	23.2
\$250,000.....	31,076	31,443	52,153	52,512	12.4	12.6	20.9	21.0
\$500,000.....	55,891	56,278	86,203	86,570	11.2	11.3	17.2	17.3
\$750,000.....	78,641	79,028	113,044	113,431	10.5	10.5	15.1	15.1
\$1,000,000.....	101,391	101,778	135,794	136,181	10.1	10.2	13.6	13.6
\$5,000,000.....	450,000	450,000	477,080	477,466	9.0	9.0	9.5	9.5

¹ Internal Revenue Code, as amended by the Revenue Act of 1945.

² Assumes 1 spouse has all the income.

³ Assumes taxpayer is under 65 years of age.

NOTE.—Computations were made from unrounded figures and will not necessarily agree with figures computed from the rounded amounts and percentages shown.

Source: Treasury Department, Division of Tax Research.

Mr. McCLELLAN. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks table No. 7, showing the tax burden upon married couples

with no dependents for 1948, under the present law.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE No. 7.—Tax burden upon married couples with no dependents for 1948 under present law

Net income before exemptions	Tax under present law	Tax if present law is amended to collect tax on community property basis	Tax if present law is amended to raise personal exemptions to \$1,500 for married couple	Tax if present law is amended to raise exemptions and to collect taxes on community property basis
(1)	(2)	(3)	(4)	(5)
\$1,000.....				
\$1,200.....	\$38.00	\$38.00		
\$1,500.....	95.00	95.00		
\$2,000.....	190.00	190.00	\$95.00	\$95.00
\$2,500.....	285.00	285.00	190.00	190.00
\$3,000.....	380.00	380.00	285.00	285.00
\$4,000.....	589.00	570.00	484.50	475.00
\$5,000.....	798.00	760.00	693.50	665.00
\$6,000.....	1,045.00	969.00	921.50	864.50
\$7,000.....	1,292.00	1,178.00	1,168.50	1,073.50
\$8,000.....	1,577.00	1,387.00	1,434.50	1,282.50
\$9,000.....	1,862.00	1,596.00	1,719.50	1,491.50
\$10,000.....	2,185.00	1,843.00	2,023.50	1,719.50
\$15,000.....	4,047.00	3,154.00	3,842.75	3,011.50
\$25,000.....	9,082.00	6,460.00	8,801.75	6,279.50
\$50,000.....	24,795.00	18,724.50	24,453.00	18,444.25
\$100,000.....	63,127.50	50,274.00	62,714.25	49,932.00
\$150,000.....	105,383.50	86,953.50	104,960.75	86,568.75
\$200,000.....	148,124.00	127,081.50	147,696.50	126,698.25
\$250,000.....	191,339.50	169,337.50	190,907.25	168,914.75
\$500,000.....	497,464.59	383,543.50	497,032.25	383,111.25
\$750,000.....	623,589.50	599,668.50	623,157.25	599,236.25
\$1,000,000.....	839,714.50	815,763.50	839,282.25	815,361.25
\$2,000,000.....	1,704,214.50	1,680,293.50	1,703,782.25	1,679,861.25
\$5,000,000.....	4,275,000.00	4,273,793.50	4,275,000.00	4,273,361.25
Loss of revenue.....		800,000,000.00 (million)	3,000,000,000.00 (billion)	3,800,000,000.00 (billion)

Total loss of revenue under present law with raised exemptions and community property split, \$3,800,000,000.

Source: Joint Committee on Internal Revenue.

Mr. McCLELLAN. Mr. President, I call attention to the fact that the loss to the Treasury by reason of the community-property amendment which I shall propose would be \$800,000,000. The loss from raising the personal exemption as I propose would be \$3,000,000,000, making a total of \$3,800,000,000, which is identical in amount with the estimated loss which would be sustained if the House bill were enacted into law.

I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter from the Treasury Department, showing the effect which this bill would have in total losses and the effect of the amendments which I have discussed will have, if adopted.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, May 22, 1947.

HON. JOHN L. McCLELLAN,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: This is in reference to your telephonic request of May 16, 1947, for estimates and tables showing the individual income-tax liabilities of married persons with no dependents under H. R. 1 as reported by the Senate Finance Committee further modified to allow: (1) An increase in exemptions of single persons, married couples and dependents to \$750, \$1,500, and \$500, respectively; (2) income splitting; (3) the increase in exemptions and income splitting.

On a full-year basis, assuming income payments of \$166,000,000,000, the first modification would increase the revenue loss under H. R. 1 as reported by the Senate Finance Committee by about \$2,100,000,000, or from \$3,800,000,000 to \$5,900,000,000; the second

modification would increase the revenue loss by about \$800,000,000, or from \$3,800,000,000 to \$4,600,000,000; and the third modification would increase the revenue loss by about \$2,800,000,000, or from \$3,800,000,000 to \$6,600,000,000.

I am enclosing tables which you requested, showing the tax liabilities of married persons with no dependents under these three modifications compared with the tax liabilities under present law and H. R. 1 as reported by the Senate Finance Committee.

Sincerely yours,

A. L. M. WIGGINS,
Acting Secretary of the Treasury.

Mr. McCLELLAN. As evidence of how serious this question is to the people of my State, I ask unanimous consent to have printed in the RECORD at this point a news article published in the Arkansas Gazette of May 11, 1947, dealing with this subject. It shows that our people are greatly concerned about it, and that my State is suffering because of the situation. There is urgent need for the correction of these conditions.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RICH ARKANSANS MOVE TO TEXAS, SAVE BIG SUMS—REDUCE FEDERAL INCOME TAXES

(By John L. Fletcher)

TEXARKANA, May 10.—Wealthy families on the Arkansas side of this city are pulling up stakes and moving a few blocks into Texas in order to save big chunks of tax money.

A dentist said he saves \$75 to \$100 a month. A merchant admitted that his tax bill has been reduced \$12 a day, or \$360 a month, since he transferred his residence to Texas.

Any resident of Arkansas who nets \$100,000 a year, and whose spouse contributes nothing to his income, must pay \$12,996 more in Fed-

eral income tax than a Texan who earns the same amount.

Some Arkansas families are effecting similar savings by moving their homes to Oklahoma or Louisiana. These bordering States are among nine which enjoy community-property laws.

A community-property State permits husband and wife to divide their income equally when computing income taxes. If the husband were required to pay the high rate on his \$100,000 income, his Federal income tax bill would be \$63,954. When each spouse reports \$50,000 income, the rate is reduced and the total tax is only \$50,958.

Arkansas has no community-property statute. A husband whose wife does not earn a salary must pay the higher rate on the entire income.

Although this discrimination has been in effect for years, many residents of Arkansas did not know it until their incomes began to swell during the war.

COMMUNITY-PROPERTY STATES HAVE BIG ADVANTAGE

The following table shows the advantage held by community-property States:

Surtax net income	Non-community-property State	Community-property State	Difference in Federal income tax
\$4,000.....	\$778	\$760	\$18
\$6,000.....	1,292	1,178	114
\$8,000.....	1,862	1,566	296
\$10,000.....	2,508	2,090	418
\$12,000.....	3,230	2,584	646
\$14,000.....	4,047	3,154	893
\$16,000.....	4,940	3,724	1,216
\$20,000.....	6,897	5,016	1,881
\$25,000.....	10,203	7,277	2,926
\$32,000.....	13,737	9,880	3,857
\$50,000.....	25,479	19,285	6,194
\$100,000.....	63,954	50,958	12,996

BUSINESSMEN AGREE DISCRIMINATION IS UNFAIR

Among Arkansas business and professional men who have moved to the Texas side recently are Arthur Temple, president of the Southern Pine Lumber Co.; Dr. L. P. Good, Dr. George W. Parson, and Dr. Rowe Smith.

Dr. Smith, a dentist, said he moved only 8 blocks into Texas to save \$75 to \$100 a month.

"The discrimination is unfair," he said. "Every citizen of the United States owes an equal obligation to the Government. But none should be required to pay more taxes than others of the same income bracket."

"At our chamber of commerce meetings we have made it plain that Arkansas residents don't want to deprive community-property States of their tax laws but we want the same privileges."

"A businessman can remain on the Arkansas side and reduce his income taxes by giving his wife and children part of his firm's stock but a professional man or a wage earner has no stock to distribute and, therefore, must pay a higher rate than his neighbor across the State line."

Several former Arkansans said they will be able to pay for new homes in Texas with money saved from Federal income taxes in 2 or 3 years. The new North Texarkana residential area in Bowie County, Tex., was developed by men who desire to reduce their income taxes and escape the high ad valorem tax in Texarkana, Tex.

ARKANSAS SUFFERS, VALUE OF REAL ESTATE AFFECTED

The Arkansas side was known as the city's residential district until a few years ago. Now wealthy families are building new homes, including one that will cost \$75,000 in Texas.

"The significant thing is that the trend is away from Arkansas," said President Steuart Wilson of the State National Bank. "Many of these beautiful new homes would have been built in Arkansas had the tax laws been equal."

Real-estate values have been affected. A banker, lawyer and realtor agreed that a house and lot on the Texas side will cost \$1,500 to \$3,000 more than identical property across the street in Arkansas. The difference in price becomes marked above the \$6,000 class of homes.

C. E. Palmer, publisher of the *Texarkana Gazette* and a chain of Arkansas newspapers, has enjoyed the advantages of Texas laws for many years. He said he did not move to Texas to save income taxes.

"But the community-property law is an equitable one," he said. "I have seen the time, however, when the income tax rate made no difference in my business. Those were the lean years."

Texas has had a community-property law since it was admitted to the Union. It was an old Spanish right which it retained to itself. Texas has no State income tax, but this slight advantage over Arkansas is not great enough to cause a high fever.

Texas has no sales tax and its gasoline and cigarette taxes are lower than those in Arkansas. The latter State's legislature, recognizing this inequality, has enacted laws permitting merchants in a border city to collect a tax no higher than their competitors across the line.

Texas filling stations, however, take advantage of the higher gasoline tax in the rest of Arkansas. Signs on the Texas side warn tourists to: "Fill up before entering Arkansas."

Mr. McCLELLAN. Mr. President, when the parliamentary situation permits, I shall offer the amendments which I have discussed this afternoon.

APPLICATION OF CERTAIN FEDERAL STATUTES TO SPECIAL COMMITTEE COUNSEL

Mr. BREWSTER. Mr. President, on April 28, Senate Joint Resolution 107, dealing with the authorization to employ special counsel for the Special Committee To Investigate the National Defense Program was passed. On the same date the Senator from Michigan [Mr. FERGUSON] entered a motion to reconsider the passage of the joint resolution.

I ask unanimous consent that the unfinished business be temporarily laid aside so that we may consider the motion of the Senator from Michigan, and also that an amendment may be offered to the joint resolution. I think the question is susceptible of easy disposition.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A joint resolution (S. J. Res. 107) limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLIKIN. As I understand, the request of the Senator from Maine would not result in displacing the tax bill or preventing further consideration of it today, and would not interfere with the vote on Monday, as agreed.

Mr. BREWSTER. That certainly is not my desire.

The PRESIDING OFFICER. It would not interfere at all with the status of the unfinished business.

Is there objection to the request of the Senator from Maine? The Chair hears none.

Mr. BREWSTER. Mr. President, at the proper time it is desired to offer an amendment to the joint resolution, on page 2, line 5, after the words "shall be deemed to", to strike out "authorize such counsel" and insert "limit, curtail, or augment any existing authority in such committee or its counsel."

That amendment is the result of a discussion with the committee and with all concerned. It clarifies the picture which was presented by some doubts which were raised in the message from the President.

It is believed by the committee that this language will overcome any possible objections thereto and will fully clarify the situation, so that the authority of the committee and of its counsel will be in no way affected for better or for worse by the action of the Senate and the House if they shall concur in agreeing to the new measure which is here proposed.

The matter has been under discussion with the Senator from New Mexico [Mr. HATCH], senior minority member of the Special Committee To Investigate the National Defense Program, who, I think, can indicate his own views in the matter.

Mr. HATCH. Mr. President, I think it is the same amendment which we discussed in the committee, and our general understanding is that the only purpose of the amendment is to make certain that whatever rights the committee may now have under existing laws shall not be changed, modified, or repealed by the adoption of this resolution.

Mr. BREWSTER. That is the understanding, and that was particularly true in view of the resolution which the Senate adopted by single action some 15 years ago, I think, on the motion of the late Senator from Missouri, Mr. Reed, which authorized the Senate to bring actions in behalf of the United States on its own motion. Whether that resolution is valid and what would be its effect we do not care now to discuss. We were not even conscious of it when the original measure was proposed, and we felt that we should leave the situation exactly as it is. If the resolution has validity and power, it is effective; if not, it is not effective. The purpose of the language proposed in the amendment was that there would be no question as to any change in existing law.

Mr. HATCH. Mr. President, if the Senator will yield further, I should like to ask one more question. The joint resolution which we passed several weeks ago did correct, did it not, the objections which were pointed out in the President's veto message?

Mr. BREWSTER. That is correct. As to whether it is valid or not we might argue here endlessly. It seemed better, in the interest of orderly action, that, rather than argue about the matter, we dispose of it, since none of us had ever contemplated that any of the difficul-

ties which were anticipated would be the result of the legislation.

Mr. HATCH. I recall that the joint resolution was passed by the Senate, and later a motion to reconsider was submitted. Has that motion ever been disposed of? I am trying to clarify the parliamentary situation.

Mr. BREWSTER. Unanimous consent has been asked to have the motion taken up. I have submitted the matter to the Senator from Michigan [Mr. FERGUSON], and I am glad he is now in the Chamber. Since he made the motion to reconsider, I understand that the proper parliamentary procedure would be for him to request that it be now considered by the Senate, and I understood he was ready to do that.

Mr. FERGUSON. Mr. President, on April 28, 1947, the joint resolution in question was passed. At that time I deemed it advisable to ask for a reconsideration, because I was of the opinion that the joint resolution as then passed was not properly worded and would not properly protect the activities of the committee in the future. Since that time we have prepared certain phraseology which is to be offered as an amendment to Senate Joint Resolution 107, if it is reconsidered. I do not think there will be any objection to the amendment.

When I moved to reconsider I felt that, rather than to allow Senate Joint Resolution 107 to pass, the Senate should vote to override, or not to override, the veto as the Senate might determine. At no time, as I understand, have any of the majority members of the committee or any members of it desired to take over activities of the Department of Justice or of the Attorney General of the United States. The executive branch of the Government has its job to do as well as has the legislative branch. If it had not been for the fact that the Senate had passed resolutions similar to the one which was vetoed, I would have felt that the Attorney General was trying to protect his particular office. It appears, since the Republicans became the majority party, the Department is more active to preserve its rights. I hope it will retain all its rights and that it will use very effectively those which it retains; but I feel strongly that the Senate of the United States, through its committees, should have full power to carry out the investigatory power lodged in it, because if that be not done we cannot properly perform our functions as the policy-making branch of the Government to determine what laws should be passed and what laws should not be passed.

So I want to say that should there be any wording in the resolution which would take from the committee one particle of power which it now has under the existing law, I would be the first to propose proper legislation by which we would be able to perform each and every one of our functions.

It is not my purpose to take away any rights from either the Congress or the Attorney General. I think their respective rights should be preserved. But should we find in the future that there is an attempt on the part of the executive

branch to interfere with the rights of the committee to investigate the war effort, then, as a Member of the Senate, I would come back to this body and request that action be taken to assure that every power the Senate or the Congress could legitimately bestow be granted the committee so as to enable it to conduct a full and complete investigation. Time alone will tell whether or not there will be any attempts made to stifle the investigation by the committee. But should that be the case, and should any road blocks be placed in the way of the committee, I know that each member of the committee will feel that he should come back here and ask for full authority. As I say, should there be any further road blocks in the way of an investigation, I want the Senate to feel that I shall return to advocate the right to a full and complete investigation.

I now ask unanimous consent for the present consideration of the motion which I entered on April 28 to reconsider the votes by which Senate Joint Resolution 107 was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and the question is on the motion to reconsider.

The motion was agreed to.

The PRESIDING OFFICER. The joint resolution is again before the Senate, and is open to amendment.

Mr. FERGUSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed in line 5, on page 2, after the words "shall be deemed to", to strike out the words "authorize such counsel" and to insert in lieu thereof the words "limit, curtail, or augment any existing authority in such committee or its counsel."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON].

Mr. HATCH. Mr. President, the Senator from Michigan was not here when I propounded this question to the Senator from Maine. In order that he may have a thorough understanding, let me say that it is my understanding that the amendment which he has proposed is to strike out certain words, and the language which he seeks to add changes the resolution only to the extent of making certain that the committee or its counsel retain whatever authority they may now have under present or existing law?

Mr. FERGUSON. Yes; under present existing law.

Mr. HATCH. It adds nothing to present existing law.

Mr. FERGUSON. But it makes certain that there is no repeal of any existing law or authority inherent to the committee or previously given to it.

Mr. HATCH. That is simply stating the same proposition in the reverse.

Mr. FERGUSON. Nor does it provide an implied repeal of any existing authority or law, other than as stated therein.

Mr. HATCH. That is agreeable.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.
Mr. CONNALLY. But that is not all; it includes counsel.

Mr. FERGUSON. Oh, yes.
Mr. CONNALLY. I have no objection to what the committee does; but to authorize counsel, independently of the committee, to do a number of things, should not be permitted, in my opinion.

Mr. FERGUSON. Mr. President, the counsel has no authority which the committee does not have.

Mr. HATCH. Mr. President, if I may answer, let me say that the language the Senator has inserted does not authorize anything. It merely retains what may exist either in counsel or in the committee.

Mr. FERGUSON. That is correct; but it makes sure that nothing is repealed or taken away.

Mr. CONNALLY. I think there is a great deal of difference between a committee and its counsel. I do not object to giving a committee authority to do things, but I am not in favor of authorizing counsel to do many things independently of the committee.

Mr. FERGUSON. Mr. President, I think the history of this matter indicates that the committee conducts the business of the committee, and has counsel as its representative, and he does the things he is authorized to do, and appears where he is authorized to appear. I think the chairman of the committee will confirm that statement.

Mr. BREWSTER. Mr. President, I think I can clear up what is in the mind of the Senator from Texas. Counsel is mentioned here because this is a special act dealing especially with our counsel, a former distinguished colleague, under circumstances which the Senator from Texas knows. That is why the word "counsel" is included. However, under this joint resolution, he receives no power which he does not already possess.

Mr. CONNALLY. But why should we permit the counsel to do things on his own?

Mr. BREWSTER. Because this measure deals entirely with permission to employ counsel under circumstances in which the committee would not otherwise be authorized to employ such counsel. We wish to make it clear that although we make this exception to the general rule in respect to permitting the employment of counsel, for reasons which the Senator understands, yet such counsel will receive no power which he would not otherwise possess.

Mr. CONNALLY. I thank the Senator for his unilluminating exposition of a foggy mind. [Laughter.]

Mr. BREWSTER. I certainly cannot agree with the foggy mind of the Senator from Texas.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution (S. J. Res. 107) was ordered to be engrossed for a third

reading, read the third time, and passed, as follows:

Resolved, etc., That nothing in section 109 or section 113 of the Criminal Code (U. S. C., 1940 edition, title 18, secs. 198 and 203), or in section 361, section 365, or section 366 of the Revised Statutes (U. S. C., 1940 ed., title 5, secs. 306, 314, and 315), or in any other provision of Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, shall apply with respect to counsel to the special committee of the Senate serving under the provisions of S. Res. 46, Eightieth Congress, first session, adopted January 22, 1947: Provided, however, That nothing contained herein shall be deemed to limit, curtail, or augment any existing authority in such committee or its counsel, to initiate, prosecute, maintain, defend, or otherwise dispose of any claim, action, proceeding, or matter, civil or criminal, on behalf of the United States.

Mr. HATCH. Mr. President, I desire to advert to the discussion which has just taken place in regard to the joint resolution which passed the Senate. I wish to make it as clear as I possibly can that there is nothing in the measure which confers any authority whatsoever. All it does is to remove certain restrictions and limitations of Federal law; and the present language of the joint resolution only seeks to retain in the committee, and in its counsel, for that matter, whatever power they now possess under Federal law. It grants no authority or power whatsoever either to the committee or to the counsel.

I am absolutely correct in that statement; am I not? I propound that question to the Senator from Michigan.

Mr. FERGUSON. Mr. President, I doubt whether our discussion after the passage of the joint resolution would be regarded as legislative history. I think the Senator is correct in saying that the joint resolution does not purport to grant any authority; it simply tries to restrict the taking away of any authority.

DESTRUCTION OF SURPLUS POTATOES

Mr. HATCH. Mr. President, yesterday there was a discussion, inaugurated by the Senator from Colorado [Mr. JOHNSON], concerning the disposal or destruction of certain potatoes in the State of Alabama. At that time I stated that I do not come from a State in which potatoes are produced on a commercial basis and I do not have much knowledge of the situation regarding potatoes. I did ask certain Senators who then were present and had some knowledge of the subject to make statements regarding it. The distinguished Senator from Florida [Mr. HOLLAND], who now is in the Chamber, and the distinguished Senator from South Carolina, who also was present at that time, pointed out the existing situation with respect to the destruction and disposal of potatoes in the Southern States, and I think their statements clarify the situation.

However, today I wish to give a somewhat more comprehensive review of the entire potato situation. Let me say that the memorandum which I shall now read was furnished to me by the Department of Agriculture, and it clearly sets forth

the entire program, and supplies information which I myself did not possess. The memorandum reads as follows:

MEMORANDUM ON POTATO PRICE SUPPORT
1946 PROGRAM

Under what is commonly known as the Steagall amendment, the Department of Agriculture supports the price of any Steagall commodity at not less than 90 percent of parity for two full calendar years after the formal declaration of the end of hostilities. A Steagall commodity is any farm commodity for which increased production was formally requested by the Department during the war. Potatoes are such a commodity. And so—with the end of hostilities formally declared by President Truman as of December 31, 1946—the Department is under statutory obligation to support the price of potatoes at not less than 90 percent of parity until December 31, 1948.

The fact that this obligation was causing the Department serious marketing problems in connection with the 1946 potato crop and might cause even more serious problems in connection with other crops in 1947 was called to the attention of Congress by Secretary of Agriculture Clinton P. Anderson in November 1946 and again in January 1947. In his statement to the House Committee on Agriculture on January 22, 1947, Secretary Anderson said: "In November I addressed a letter to the then chairman and ranking minority members of the Agriculture Committees in both the House and the Senate in which I discussed the whole question of price-support policy and the objectives of price-support legislation and urged thorough consideration of the problems that have arisen in this connection. Nothing has happened to make consideration of these problems any less urgent. In fact, the urgency has increased with the declaration by the President of the termination of hostilities and the certainty that price supports of the Steagall amendment will end after two full years."

Hence, the fact that large quantities of 1946-crop potatoes were purchased by the Department of Agriculture, and that some of them were "dumped," should occasion no surprise. Nor should we be surprised at the recent report that a small quantity of 1947-crop potatoes has been purchased by the Department and destroyed after futile attempts to find any possible use for them. The Department is merely carrying out sound support provisions, which require that American farmers be protected against unfairly low prices during the period of reconversion from the all-out levels of production required by the war.

Even though every conceivable step was taken by the Department to find some possible use for the surplus potatoes from the 1946 crop, waste of part of the surplus could not be avoided. Despite lowered production goals for the 1946 crop, a combination of many factors—the use of better seed, the employment of new and improved insecticides, and ideal growing conditions throughout the Nation—all coincided to produce a record potato crop of nearly 475,000,000 bushels. This was from ninety to one hundred million bushels in excess of the production goal set early in the year and nearly 50,000,000 bushels more than the large crop of 425,000,000 bushels in 1945 when there was considerable difficulty in marketing a crop even of this size.

The various steps taken by the Department to dispose of the 1946 crop with a minimum of waste and expense to the Government are described briefly in the following paragraphs:

DISTRIBUTION THROUGH NORMAL TRADE OUTLETS

The Department of Agriculture recognized early in the year that a bumper crop would be harvested and made immediate prepara-

tions to assist all branches of the distributive food trades in moving these potatoes through normal channels of distribution into human consumption. From the outset of the problem in 1941, the Department cooperated fully with the food industry in moving potatoes. This industry-Government cooperation is estimated to have resulted in a substantial increase in consumption of potatoes during at least part of the year.

DISTRIBUTION THROUGH SCHOOL-LUNCH PROGRAM

As the potato harvest progressed northward from the early producing Southern States, it became impossible for normal food-distribution channels to handle the enormous potato supplies. The Department followed an aggressive and continuing program of moving potatoes into its school-lunch program and to charitable institutions.

I digress here to state that the Senator from Colorado [Mr. JOHNSON] raised the point yesterday about using potatoes for charitable, tax-free institutions; exactly what the Department of Agriculture did to a large extent, and as much as possible, with the surplus crop of 1946.

To these outlets potatoes were furnished free, as in past years. During the last year nearly 3,000,000 bushels of potatoes were so utilized.

EXPORT OUTLETS

Every effort was made to get these potatoes to hungry people abroad. They were offered at nearly token prices—as low as 4 cents per hundred pounds—for relief feeding abroad. In addition, a subsidy program was set up under which private exporters were able to send potatoes to South America and the Philippines, as well as other countries. By May of 1947 about 10,500,000 bushels, which was more than 10 percent of the total surplus, had been exported to points as widely separated as Italy and Korea, Germany and China.

DIVISION EFFORTS

When outlets to human consumption became clogged the Department pressed a program of diverting surplus potatoes to livestock feed, so that the potatoes would eventually take their place in the form of meat and milk in the human diet. Potatoes for use as livestock feed, for feeding dairy cattle, and for fattening beef cattle and hogs, were made available at prices that ranged from 20 cents per hundredweight f. o. b. at country shipping points to a penny a hundredweight. Through this program the Department moved approximately 11,000,000 bushels of potatoes.

The Department, in its efforts to find a practical utilization for the potatoes, also made another estimated 10,500,000 bushels available to starch mills manufacturing starch for use both in the United States and abroad.

The greatest diversion of potatoes that otherwise would have been completely wasted was to the distillers of beverage and industrial alcohol.

In this connection I will say that a distinguished Senator, who I believe is on the floor at this time, though I do not know whether he is giving heed to my remarks, asked me yesterday with regard to this very question. He said, "My goodness, I understand potatoes can be used in producing alcohol." That is exactly what has been done.

Then we come to export outlets:

Into these outlets the Department moved around 30,000,000 bushels of potatoes.

Thus, by exploiting diversion outlets to the fullest possible extent, the Department was able to find effective use for nearly 65,000,000 bushels of the approximately 90,000,000 to 100,000,000 bushel surplus.

ESTIMATED LOSS

The Department believes, according to preliminary figures, that in the course of handling this all-time record crop of potatoes, there was a resulting waste of something like 22,000,000 bushels. Roughly, this is about what Department officials had estimated earlier as a probable figure of waste and shrinkage. In view of the size of the crop, it was believed that no practical use could be found for some 20 percent of the surplus potatoes. Every effort was made, however, to keep this waste and shrinkage to a minimum and to confine it to low grade and inferior quality potatoes, which customarily would encounter difficulties in finding a market.

The over-all cost to the Government under the mandatory support program has been estimated at \$100,000,000. Of this amount the Department will recover about \$20,000,000, leaving a net cost to the Government of approximately \$80,000,000.

1947 PROGRAM

Recognizing that a combination of better cultural practices and a pronounced shift of potato acreage from low- to high-producing areas promised continued high yields per acre, the Department tightened its potato program for 1947.

THE GOAL

The program called for a reduction in national acreage from 2,669,800 to 2,517,000 acres, and set up acreage quotas within which potato growers must remain in order to be eligible for price support. This was done after a study of data that revealed yields per acre had been increasing at a more rapid rate than had been earlier estimated—at a time when potato acreage has been declining nationally. The 1947 goal in production is 375,000,000 bushels.

Another significant factor is that per capita consumption of potatoes has been declining as national food habits turned from heavy breakfasts, and the potato at other meals competed with other vegetables readily made available both through better transportation facilities and the avenue of processed foods.

PROGRAM EMPHASIZES QUALITY

The 1947 potato price-support program emphasizes further that removal of potatoes from food channels will be limited insofar as possible to the lower grade and inferior quality potatoes which growers have historically found difficulty in marketing.

That corroborates what the Senator from Florida said yesterday. It also rather strongly refutes the statement made by the Senator from Colorado—and I am sorry he is not present—that the potatoes which were destroyed in Alabama were the same kind for which we pay 10 cents a pound in the city of Washington. That, I am sure, is clearly an error. The potatoes which were destroyed were only the lower grade, inferior quality potatoes, for which there was no market at all.

This will be accomplished by Government purchase of lower grades, and through marketing agreements and orders, and will result in the consumer obtaining better quality potatoes.

DISPOSAL EFFORTS

As distribution in commercial channels fails to handle all marketable potatoes, the Department will continue, under the 1947 program, to make available for school lunch, for charitable institutions and organizations, all the potatoes these outlets can handle. These potatoes will be furnished free.

Export operations will also continue, to the extent that supplies warrant such operations, as will diversion to stockfeed and manufacturing plants.

COMPLIANCE WITH 1947 GOALS

Farmers generally seem to be staying within their 1947 acreage goals, according to reports up to this time. It was anticipated that there would be, however, some local surpluses in the early and intermediate potato-producing areas, due to adverse spring weather. Because of delaying weather, potato harvests in these areas may tend to bunch up and overlap this year, instead of coming on in an orderly area by area manner.

DISPOSAL OF LOCAL SURPLUS

One such circumstance has been encountered this month in Alabama. There a supply of about 28,500 bushels of early potatoes beyond usual needs developed. Of this amount, 21,000 bushels were distributed to school lunch and institutions.

Mr. President, I call special attention to the fact that of 28,500 bushels, 21,000 have been distributed to the school-lunch programs and to charitable institutions. For the others, No. 2 and B grade potatoes, every avenue of possible practical use was explored. It was determined that there were no dehydration facilities available. The point was made yesterday that these potatoes should have been dehydrated, but unfortunately the facilities for doing that were not available. It was determined also—

that farmers with good pasture did not wish to experiment with feeding these potatoes to their livestock. The potatoes are thin-skinned and of such high water content that export was not feasible. Freight charges precluded sending these potatoes north for use in starch plants. Alcohol plants were not interested in so small an amount of potatoes. Their use of potatoes is predicated upon a continuing supply.

All avenues of practical disposition having been explored, and no practical use being found for the 7,500 bushels of potatoes remaining, there was no recourse but to dump them. This ultimate, and seemingly wasteful, disposition of the smaller portion of the local surplus of Alabama potatoes is a practice historically followed by all potato producers. When the producer finds his market glutted, he ordinarily brings to market his best potatoes and abandons the lower grades, frequently leaving them in the ground to save the labor cost.

In other areas, as in Alabama, every effort will be made to get 1947 crop potatoes into human consumption. Following that, every avenue through which the potatoes may be put to some practical use, for stock feed or manufactured products, will be explored before a single bushel of potatoes is dumped. The only potatoes that will be so disposed of, if that is the only recourse, will be potatoes of low grade and inferior quality which would not ordinarily appear in food channels. These are the potatoes which have been showing up in news pictures. If there are more local surpluses which cannot be utilized, more of these "dramatic" pictures may appear.

Waste of these potatoes under the conditions of several years ago would attract little attention. Surpluses were normally used as livestock feed or were left in the ground, with the potato growers taking a financial beating. It is only the fact of a government operation which makes headlines. This, however, does not alter at all the fact that farmers are entitled to reconversion protection, on a basis comparable with the protection given industry. Such protection from price collapse is in the interests of the whole national economy, as well as that of the farmer himself.

Mr. President, I am happy to have obtained this information so that it could

be made a part of the record; for, as I said yesterday, Secretary Anderson, who comes from my State, and with whom I have been intimately acquainted for many years, is a man who does not at all believe in any doctrine of scarcity or waste, especially wanton or willful destruction. I knew that when the potato question arose, Secretary Anderson had used every possible effort to put potatoes where preferably they could reach ultimate human consumption; if not, that they could be disposed of through other channels.

RECESS

Mr. WHITE. I know of no Senator who desires at this time to discuss either the motion to postpone, offered by the Senator from Georgia [Mr. GEORGE], or the tax bill itself. I therefore move that the Senate now stand in recess, in accordance with its previous order.

The motion was agreed to; and (at 3 o'clock and 13 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, May 26, 1947, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of April 21), 1947:

DIPLOMATIC AND FOREIGN SERVICE

Emmet O'Neal, of Kentucky, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines.

IN THE ARMY

DEAN OF THE ACADEMIC BOARD, UNITED STATES MILITARY ACADEMY

Prof. (Col.) Harris Jones, United States Army, to be dean of the academic board of the United States Military Academy with the rank of brigadier general, Regular Army, under the provisions of section 3 of an act of Congress approved June 26, 1946 (Public Law 449, 79th Cong.), vice Brig. Gen. Roger Gordon Alexander, United States Army, who retires August 31, 1947.

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

To be major generals

Lt. Gen. Alvan Cullom Gillem, Jr. (brigadier general, U. S. Army) Army of the United States, vice Maj. Gen. Wilhelm Delp Styer, United States Army, retired April 30, 1947.

Lt. Gen. Wade Hampton Haislip (brigadier general, U. S. Army), Army of the United States, vice Maj. Gen. Clarence Self Ridley, United States Army, who retired June 30, 1947.

Lt. Gen. Walton Harris Walker (brigadier general, U. S. Army), Army of the United States, vice Maj. Gen. Ira Clarence Eaker, United States Army, who retires July 31, 1947.

Lt. Gen. Hoyt Sanford Vandenberg (brigadier general, U. S. Army), Army of the United States, vice Maj. Gen. James Eugene Chaney, United States Army, who retires July 31, 1947.

Lt. Gen. George Edward Stratemeyer (brigadier general, U. S. Army), Army of the United States, vice Maj. Gen. Jonathan Mayhew Wainwright, who retires August 31, 1947.

To be brigadier generals

Maj. Gen. Joseph May Swing (colonel, Field Artillery), Army of the United States, vice Brig. Gen. Alvan Cullom Gillem, Jr., United States Army, nominated for appointment as major general.

Maj. Gen. Edward Hale Brooks (colonel, Field Artillery), Army of the United States, vice Brig. Gen. Wade Hampton Haislip, United States Army, nominated for appointment as major general.

Maj. Gen. Wilton Burton Persons (colonel, Signal Corps), Army of the United States, vice Brig. Gen. Walton Harris Walker, United States Army, nominated for appointment as major general.

Maj. Gen. Clements McMullen (lieutenant colonel, Air Corps), Army of the United States, vice Brig. Gen. Hoyt Sanford Vandenberg, United States Army, nominated for appointment as major general.

Maj. Gen. Howard Arnold Craig (lieutenant colonel, Air Corps), Army of the United States, vice Brig. Gen. George Edward Stratemeyer, United States Army, nominated for appointment as major general.

APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES OF THE ARMY OF THE UNITED STATES

To be major generals of the line

Maj. Gen. John Charles McLaughlin, Missouri National Guard, to date from April 3, 1947.

Maj. Gen. James Clyde Styron, Oklahoma National Guard, to date from October 30, 1946.

To be brigadier generals of the line

Brig. Gen. Walter LeRoy Anderson, Iowa National Guard, to date from January 3, 1947.

Brig. Gen. Waldemar Fritz Breidster, Wisconsin National Guard, to date from March 11, 1947.

Brig. Gen. Wallace Anthony Choquette, Massachusetts National Guard, to date from January 18, 1947.

Brig. Gen. Albert Bartlett Crowther, Texas National Guard, to date from February 20, 1947.

Brig. Gen. Henry Cotheal Evans, Maryland National Guard, to date from January 14, 1947.

Brig. Gen. George Washington Fisher, California National Guard, to date from February 24, 1947.

Brig. Gen. Ansel Blakely Godfrey, South Carolina National Guard, to date from February 3, 1947.

Brig. Gen. Paul Henry Jordan, Tennessee National Guard, to date from November 14, 1946.

Brig. Gen. James Albert Lake, Mississippi National Guard, to date from December 2, 1946.

Brig. Gen. Harold Gould Maison, Oregon National Guard, to date from February 26, 1947.

Brig. Gen. Wallace Huntoon Nickell, California National Guard, to date from October 15, 1946.

Brig. Gen. Charles Gurdon Sage, New Mexico National Guard, to date from March 19, 1947.

Brig. Gen. Brenton Greene Wallace, Pennsylvania National Guard, to date from January 27, 1947.

APPOINTMENTS IN THE OFFICERS' RESERVE CORPS OF THE ARMY OF THE UNITED STATES

To be brigadier generals

Brig. Gen. George Abbott Brownell, Army of the United States.

Brig. Gen. Clarence Lemar Burpee, Army of the United States.

Brig. Gen. Ken Reed Dyke, Army of the United States.

Brig. Gen. Robert Joshua Gill, Army of the United States.

Brig. Gen. Maurice Hirsch, Army of the United States.

Brig. Gen. Julius Cecil Holmes (major, Military Intelligence Reserve), Army of the United States.

Brig. Gen. Edwin Whiting Jones (colonel, Corps of Engineers, National Guard of the United States), Army of the United States.

Brig. Gen. Francis Rusher Kerr (colonel, Infantry Reserve), Army of the United States.

Brig. Gen. James Fenton McManmon, Army of the United States.

Brig. Gen. William Claire Menninger, Army of the United States.

Brig. Gen. Hugh Meglone Milton II (lieutenant colonel, Chemical Corps Reserve), Army of the United States.

Brig. Gen. John Joseph O'Brien, Army of the United States.

Brig. Gen. Francis Willard Rollins (colonel, Field Artillery, National Guard of the United States), Army of the United States.

Brig. Gen. Conrad Edwin Snow (lieutenant colonel, Signal Corps Reserve), Army of the United States.

HONORARY RESERVE

To be brigadier generals

Brig. Gen. Thomas Donald Campbell, Army of the United States.

Brig. Gen. Oscar Nathaniel Solbert, Army of the United States.

Brig. Gen. William James Williamson, Army of the United States.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 23, 1947

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, who art the hope of the world and our Heavenly Father, have mercy to forgive whatever is amiss in us, that with pure hearts and willing minds we may turn to Thee for guidance and succor. We pray that the will may defy all fear, and that the dignity and majesty of life may sweep our souls onward to an immortal destiny.

O may we learn from the book of ancient faith the duty and joy of righteous deeds:

"Blessed is the man that walketh not in the counsel of the ungodly, nor standeth in the way of sinners, nor sitteth in the seat of the scornful. But his delight is in the law of the Lord, and in his law doth he meditate day and night. And he shall be like a tree planted by the rivers of water, that bringeth forth his fruit in his season; his leaf also shall not wither, and whatsoever he doeth shall prosper."

Thus may we plant our souls, enriched by the flowing tides of the river of life.

We pray in the Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 236. An act to amend the Nationality Act of 1940 so as to permit naturalization proceedings to be had at places other than in the office of the clerk or in open court in the case of sick or physically disabled individuals;

H. R. 384. An act for the relief of W. H. Baker and Walter Baker;

H. R. 428. An act for the relief of Charles N. Bemis;

H. R. 444. An act for the relief of the estate of Archie S. Woods, deceased;

H. R. 603. An act to amend an act of September 27, 1944, relating to credit for military or naval service in connection with certain homestead entries;

H. R. 1494. An act for the relief of the estate of Nellie P. Dunn, deceased;

H. R. 1844. An act to authorize the Administrator of Veterans' Affairs to grant easements in lands belonging to the United States under his supervision and control, and for other purposes; and

H. R. 2094. An act for the relief of Isaac B. Jones.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 50. An act for the relief of Joseph Ochrimowski;

S. 116. An act for the relief of Mrs. Mildred Wells Martin;

S. 272. An act to provide for the utilization of surplus War Department-owned military real property as national cemeteries, when feasible;

S. 315. An act for the relief of Reginald Mitchell;

S. 317. An act for the relief of Robert B. Jones;

S. 470. An act for the relief of John H. Cradwell;

S. 512. An act to extend provisions of the Bankhead-Jones Farm Tenant Act and the Soil Conservation and Domestic Allotment Act to the Virgin Islands;

S. 514. An act for the relief of the legal guardian of Sylvia De Cicco;

S. 526. An act to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes;

S. 561. An act for the relief of Robert C. Birkes;

S. 597. An act to provide for the protection of forests against destructive insects and diseases, and for other purposes;

S. 805. An act authorizing an appropriation for the construction, extension, and improvement of a high-school building near Roosevelt, Utah, for the district embracing the east portion of Duchesne County and the west portion of Uintah County;

S. 824. An act for the relief of Marion O. Cassidy;

S. 882. An act for the relief of A. A. Pelletier and P. C. Silk;

S. 1020. An act to amend the Philippine Rehabilitation Act of 1946, as amended;

S. 1022. An act to authorize an adequate White House Police force;

S. 1073. An act to extend until June 30, 1949, the period of time during which persons may serve in certain executive departments and agencies without being prohibited from acting as counsel, agent, or attorney for prosecuting claims against the United States by reason of having so served;

S. 1135. An act to extend for 1 year certain provisions of section 100 of the Servicemen's Readjustment Act of 1944, as amended, relating to the authority of the Administrator of Veterans' Affairs to enter into leases for periods not exceeding 5 years;

S. 1230. An act to amend sections 2 (a) and 603 (a) of the National Housing Act, as amended;

S. J. Res. 64. Joint resolution authorizing the President of the United States of America to proclaim the 9th of October of each year as Lelf Erikson Day;

S. J. Res. 78. Joint resolution designating September 17 of each year as Constitution Day;

S. J. Res. 92. Joint resolution designating April 5 of each year as Booker T. Washington Day; and

S. J. Res. 115. Joint resolution authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 1288. An act to authorize the Secretary of the Interior to grant a private right-of-way to Roscoe L. Wood; and

H. R. 3029. An act to provide for the acquisition of a site and for preparation of plans and specifications for a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 854. An act to amend section 502 (a) of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3245) entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate Nos. 7 and 13 to the above-entitled bill.

EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. COLE of Missouri asked and was given permission to extend his remarks in the RECORD and include an editorial entitled "Timely Observations," from the St. Joseph News-Press of St. Joseph, Mo., written by Arthur V. Burrowes, editor of the News-Press.

STOP WASTING POTATOES

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GATHINGS. Mr. Speaker, the present policy of the Agriculture Department in destroying potatoes on the pretense of the market being glutted is unjustified and unsound. My attention has been called to pictures appearing in the Arkansas Gazette and Memphis Commercial Appeal depicting the destruction of 50 tons of Irish potatoes in Baldwin County, Ala. Kerosene was poured over these potatoes to assure that they would not be edible. Not since the killing of the pigs back in the Wallace

era as head of the Department of Agriculture has so much protest and condemnation come from an aroused citizenry. Their opposition to throwing away this food is well founded and they have a right to be concerned.

I do not believe that the officials of the Production and Marketing Administration of the Department of Agriculture have put forth sufficient effort to find a solution to this problem. It is unquestioned that food is badly needed the world over. People are suffering in many lands, including America, because of insufficient and proper food for the nourishment of their bodies. These potatoes can very easily be dehydrated and shipped to Europe where the starving peoples of many nations would make good use of them. There are sufficient plants to do this work.

There are many in our own land who would enjoy the opportunity of eating some of these surplus potatoes. I would suggest to the officials of the Department of Agriculture that they be made available for use in the school-lunch program. A hot lunch of potatoes for our boys and girls of school age would be most wholesome and energy building. These potatoes are needed for American children.

The wanton destruction of these fine potatoes should not have occurred and should not be tolerated again. I am asking the gentleman from Minnesota, Chairman ANDRESEN, of the Agriculture Food Committee of the House, to go to the bottom of this matter and put an end to dumping potatoes in a field and pouring kerosene over them. This committee should also find out whether the Department of Agriculture has plans for the destruction of other commodities. Action is needed to stop this outlandish waste.

TOWNSEND PLAN AND TAX REVISION

Mr. KELLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KELLEY. Mr. Speaker, the time is long overdue for a revision of our tax structure. There has been much agitation for this, particularly so at this time. Our present tax structure is inequitable. There is no reason why people in low-income brackets should have to pay any tax. The struggle for a livelihood in these days of high living costs makes it an injustice for the Government to take one penny from this group.

I earnestly urge that the Ways and Means Committee, in its study of revising the tax structure, give thorough consideration to the features of the Townsend plan, the move to increase pensions for people who have reached the age of retirement, whether voluntary or involuntary. Their income should be sufficient to support them in dignity and comfort. There has been a crying need for such legislation, and it looms larger each day. The time has come when people are being discharged from their employment when they reach the age of 50 and 55, and many industries will not hire men

over 45. Are these people then to be thrown on the charity of their friends?

To me this is one of our outstanding national problems, because the life expectancy of the individual has been increasing rapidly in the last years due to scientific and medical advances. If our older people were assured of security after retirement, it would mean greater opportunities for the younger group.

The question of raising funds for such a program of security through taxation is one which should be deliberated carefully. The plan offered by Dr. Townsend is worthy of consideration, but whatever plan is adopted, the paramount concern of the Committee on Ways and Means and the Congress should be the interest and welfare of people who have reached the age of 55 and who are now figuratively consigned to the scrap heap. Nothing could improve the social conditions of this country so much as this approach. I hope the Ways and Means Committee will take cognizance of the need of this group and of the resultant welfare of all of our people.

Security, which is a strong weapon against communism, is measured out in the Townsend plan in that it prevents apprehension at approaching 50 years of age. There are millions in this country who are alarmed and distressed as they reach that age, because they know they will be discarded by industry and will be victims of charity if they have been unable to build up a reserve for their later years. We frequently overlook the value of providing security for our people, though history will show that people will sacrifice their liberty for security. That is the condition in Russia today—there they talk about their security, not their freedom.

EXTENSION OF REMARKS

Mr. KELLEY asked and was given permission to extend his remarks in the RECORD.

Mr. PATMAN (at the request of Mr. RAYBURN) was given permission to extend his remarks in the RECORD.

PLANS FOR COURTHOUSE FOR COURT OF APPEALS, DISTRICT OF COLUMBIA

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3029) to provide for the acquisition of a site and for preparation of plans and specifications for a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, line 9, strike out "title" and insert "act."

Page 3, line 18, strike out "is," and insert "is."

Page 4, line 1, strike out "title" and insert "act."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

ANSWERING HENRY WALLACE'S ATTACK

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on last night the California speech of Henry Wallace attacking me, Martin Dies, Mr. Thomas of New Jersey, President Truman, and the Committee on Un-American Activities, was rebroadcast to the American public.

As I said on yesterday, I agree with the man who said he thought that what Henry Wallace needs is a mental examination.

When he attacks President Truman, assails the patriotism of Martin Dies, and lines up with the Communist Party to abuse the gentleman from New Jersey [Mr. THOMAS]—when he lines up with the Communists who are trying to undermine America and attacks me because of my work in creating the Committee on Un-American Activities and keeping it alive—I say, when he lines up with the un-American elements and uses the radio to broadcast his un-American propaganda, it is time that the American Congress did something about the misuse of the radio throughout this country for that purpose.

One of the greatest services I have ever rendered my country was getting through the amendment to create the Committee on Un-American Activities, which is doing more to protect the American home, to protect American institutions, and to protect the Constitution of the United States and protect the country as a whole from the Communists, their crooks, cranks, crackpots, and fellow travelers than any other agency in America.

I am proud of the part I played in thus helping to protect my country against the enemies within our gates.

The SPEAKER. The time of the gentleman from Mississippi has expired.

EXTENSION OF REMARKS

Mr. GWYNNE of Iowa asked and was given permission to extend his remarks in the RECORD and include a radio address.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—EXTENSION OF SECOND WAR POWERS ACT (H. DOC. NO. 266)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on the Judiciary, and ordered to be printed:

To the Congress of the United States:

In March of this year the Congress passed and I approved a bill known as the First Decontrol Act of 1947, extending for 3 months a few of the powers orig-

inally granted in the Second War Powers Act. This extension was authorized to enable the Congress to make a further review of the specific controls needed during the coming year.

Since the enactment of this law, the interested departments have reexamined the need for continuation of these powers. Their review shows that it is still essential to maintain certain limited materials controls, in order to prevent harm to our own economy and give concrete support to our foreign policy.

Since VJ-day, American industry, agriculture, and labor have established notable production records. If production abroad had reached similar heights, no materials controls at all would be needed today. But the progress of world reconstruction has been necessarily difficult and slow. In a few respects the United States has been adversely affected by this delay, and therefore, in a few instances, controls over certain imported commodities are still needed. However, any adverse effects suffered by us are slight in comparison with the tragic conditions of life faced by most countries of the world today. It is primarily because of these conditions, with their enormously important political and social repercussions, that we must still retain a very limited portion of our wartime powers over materials.

The remaining powers which it is necessary to retain fall into two groups:

First. Allocation and priority powers to maintain the stability of our economy.

(a) While our economy is still hampered by the lack of a number of imported materials, there are only a few in which the lack is so serious and the importance so great that continued controls are required. The need in these cases is well known. Specifically, it is necessary to continue the power to allocate the following imported materials: Tin and tin products, manila and agave fibers and cordage, antimony, cinchona bark, quinine, and quinidine. Except in the case of tin products, where the allocation of tin plate is also essential to the solution of world food problems, the continuation of these controls is solely for the purpose of assisting our own industry and agriculture.

(b) As a corollary to the above, it is also necessary to continue the power to issue export priorities for materials needed to increase the production abroad of products that we urgently need in this country. This is a matter of direct and immediate self-interest.

Second. Allocation and priority powers needed to carry out our foreign policy and to assist in world reconstruction.

(a) Foods: Our own food production has reached great heights, and our own food supplies are excellent. In contrast the food situation abroad continues to be desperate. For that reason we are actively participating in the International Emergency Food Council, which is a noteworthy example of practical international economic cooperation. Our participation in this activity conforms with our national ideals and interests. But participation is not merely a matter of words. We must be able to take the steps necessary to make certain

that we do not add to the hunger of other peoples by importing more than our agreed share of scarce foods. I recommend, therefore, continued authority to maintain import controls on fats and oils and rice and rice products.

(b) Fertilizer: The world fertilizer situation is similar to, and is directly related to, the world food situation. While our own fertilizer production and consumption have risen spectacularly since the prewar period, supplies available to foreign countries have fallen sharply. This has resulted in retarded agricultural recovery, loss of food production, and consequent malnutrition over widespread areas. The lack of fertilizer is particularly acute in the case of nitrates. It is, therefore, essential that there be continued authority to restrict imports and to issue priorities for export of nitrogenous fertilizer materials.

(c) Industrial materials: In general our supply of industrial products and materials has reached the point where delays in production and delivery are no longer crucial. The pipe lines are full, or are filling up, and no general use of allocation powers is needed. But economic and political conditions in many other countries are so critical that it is necessary to continue the power to issue export priorities in special cases for key industrial items that are vitally required for reconstruction and rehabilitation. In most countries, supplies of industrial materials and products are still far short of minimum essential levels. Entirely apart from the use of priorities, the United States is furnishing substantial quantities of industrial equipment and supplies so urgently needed to reactivate the economies of these countries. However, great damage can be done by inability to obtain an occasional machine, or machine parts needed to complete a program or project. It is in such cases that priority assistance is needed. The Congress has already recognized the importance of supporting our foreign policy with financial assistance. Financial assistance alone, without occasional priority backing, may be useless in instances where speedy aid in concrete form is essential. The use of the priority powers that I am recommending would be limited to cases certified by the Secretary of State to be of high public importance and essential to the successful carrying out of the foreign policy of the United States.

In this message I have not considered it necessary to discuss certain powers originally derived from the Second War Powers Act but now covered by separate legislation; that is, the Sugar Act, the Rubber Act, and the Patman Act. I have also omitted reference to the great importance of continued authority to allocate the use of transportation equipment and facilities by rail carriers. This matter is covered by separate bills, H. R. 3152 and S. 1297, now pending before the Congress. Prompt action on these bills is urgently needed. Similarly, the Congress now has under consideration an extension of the Export Control Act. It, too, is essential in implementing our foreign policy. I also urge prompt action on this bill.

The further extension of the Second War Powers Act in the limited form described above is of direct interest to our own economy and is indispensable in supporting our international policy. The powers that I have outlined are the minimum needed to accomplish these ends. I therefore recommend that the Congress enact legislation to extend these powers for a period of 1 year.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 22, 1947.

CALL OF THE HOUSE

Mr. HESELTON. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Evidently no quorum is present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 63]

Allen, Ill.	Hand	Patman
Beall	Hartley	Pfeifer
Bender	Hendricks	Philbin
Bennett, Mich.	Hinshaw	Phillips, Tenn.
Bland	Hoeven	Poage
Boykin	Jenkins, Pa.	Powell
Bradley, Mich.	Johnson, Ind.	Rabin
Brown, Ohio	Jones, Ohio	Rayfield
Buck	Keefe	Riley
Buckley	Kefauver	Rivers
Bulwinkle	Keogh	Rooney
Byrne, N. Y.	Kersten, Wis.	Ross
Carroll	Kilburn	St. George
Celler	Kirwan	Scott, Hardie
Clippinger	Klein	Scott,
Curtis	Knutson	Hugh D., Jr.
Deane	Larcade	Seely-Brown
Delaney	Lemke	Sikes
D'Ewart	Lesinski	Simpson, Ill.
Domengeaux	Lynch	Smith, Ohio
Dorn	McDowell	Smith, Va.
Drewry	McGarvey	Snyder
Fallon	Macy	Thomas, N. J.
Fellows	Mansfield, Tex.	Vursell
Flannagan	Meade, Md.	West
Forand	Morrow	Wood
Fuller	Mitchell	Worley
Gifford	Morrison	Youngblood
Granger	Norrell	
Gwinn, N. Y.	Norton	

The SPEAKER. Three hundred and forty-one Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

INVESTIGATION BY COMMITTEE ON AGRICULTURE

Mr. WADSWORTH, from the Committee on Rules, reported the following privileged resolution (H. Res. 166, Rept. No. 444), which was referred to the House calendar and ordered to be printed:

Whereas there has been a surplus potato crop each year for the past 5 years and this surplus is increasing each year due to more yield per acre because of new and improved methods of agriculture; and

Whereas the 1946 crop-year potato surplus was more than 100,000,000 bushels, which cost the Government more than \$80,000,000 in subsidies, and these subsidy payments have become perennial and will increase year by year if some solution to the yearly surplus of potatoes is not found; and

Whereas the entire 1946 surplus potato crop of 100,000,000 bushels could have been consumed advantageously in baked goods alone through the use of potato flour, or culture, thereby resulting in the saving of

an \$80,000,000 subsidy payment, a direct saving to every State in the Union; and

Whereas scientific tests and bakers' experiences show that potato flour, or culture, made from commercial-grade potatoes, improves the flavor and keeping qualities as well as adds to the vitamin content of bread, rolls, cakes, doughnuts, sweet food mixes and filler for food products and family flour, a factor that will tend to increase the consumption of baked goods per capita in America; and

Whereas the elimination of these commercial grades, a figure estimated by the United States Department of Agriculture at 10 percent or more, will provide the consuming public with a finer grade of potatoes, thereby increasing the potato consumption per capita; and

Whereas potato flour can be processed the year around and can be stored for 3 years or more without spoilage, which factor results in a stabilization of yearly potato crops and potato prices; and

Whereas potato flour, or culture, processed from exceptionally large surplus potato crops, can be used in mixed poultry and cattle feed and for other purposes; and

Whereas there are at present only four small potato-flour processing plants in the United States, all working to capacity, but whose limited production cannot satisfy even 5 percent of the anticipated national requirements for potato flour; and

Whereas the United States Government has a definite stake in increasing the use of potatoes through the processing and use of potato flour, and whether the Government would find it to be economical, feasible, and advisable to own and operate such plants ought to be determined to help formulate public policy: Therefore be it

Resolved, That the Committee on Agriculture of the House of Representatives is authorized and directed to institute studies and hold hearings immediately to determine the feasibility and advisability of carrying out a program designed to do away with the annual potato surplus and to report its findings and recommendations to the United States Department of Agriculture.

ELECTION TO COMMITTEE

Mr. HALLECK. Mr. Speaker, I send to the desk a privileged resolution (H. Res. 216) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That GLENN R. DAVIS, of the State of Wisconsin, be, and he is hereby elected a member of the Standing Committee of the House of Representatives on Veterans' Affairs.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. JUDD asked and was given permission to extend his remarks in two instances and in each to include an article.

Mr. JAVITS asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article.

Mr. HAGEN asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Daily Metal Reporter.

Mr. POULSON asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. SMATHERS asked and was given permission to extend his remarks in the Appendix of the RECORD and include an address.

SHORT SALES OF SECURITIES BETWEEN APRIL 15 AND MAY 15 AGGREGATED 1,314,000 SHARES, PLUS MORE THAN 60,000 SHARES IN ODD LOTS

Mr. SABATH. Mr. Speaker, not being able to address the House at this time, I ask unanimous consent to insert my remarks in the RECORD, and include therein certain figures and certain articles.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, on September 4, 1946, I urged the New York Stock Exchange to prohibit short selling, and I again requested the Securities and Exchange Commission to strengthen and enforce strictly the regulations governing short sales. I particularly urged that short sales on margin or on stock borrowed from brokers be prohibited. At that time the securities of sound well-managed industrial companies were being hammered down in a manner which convinced me it was being done by short selling and by manipulation of odd lots. Since election day the market price of many leading stocks has fallen off 50 percent and even 75 percent.

On May 16 of this year by telephone, and on May 19 by letter, I again called the attention of the SEC and the New York Stock Exchange to what I consider an approaching danger to our economy and prosperity. On May 21 the Wall Street Journal carried an article showing the heavy increase of short sales from April 15 to May 15; giving a total short interest of 1,314,000 shares, which does not include odd-lot short sales aggregating over 60,000 shares in that period.

DEMANDS PROHIBITION OF DETRIMENTAL MANIPULATIONS

Consequently, I took the floor yesterday to criticize this growing volume of short sales, and also the lending of customers' stocks by brokers for the purpose of market speculations. Again I demanded that all such manipulations detrimental to the national welfare be prohibited. Last Monday I wired to Emil Schram, the former chairman of the Reconstruction Finance Corporation, now the president of the New York Stock Exchange, as follows:

MAY 19, 1947.

Mr. EMIL SCHRAM,
President, New York Stock Exchange,
New York City:

Nearly all corporations show increase in their business and profits above the banner years of 1945 and 1946 and country's income last year was one hundred and sixty-five billion and estimated one hundred and seventy-five billion for 1947 which will be four and one-half times greater than in 1932. Country is generally prosperous and production, employment, crops, and profits are at highest peak and, notwithstanding publicity given out by professional and short-selling groups and a few publicists that business is sloughing off, the record shows that retail sales for the first quarter of 1947 have increased from 5 percent to 14 percent throughout the country. Consequently, in view of all these favorable indications, the public cannot understand why the prices of many stocks have been hammered down almost one-half since November while nearly all companies are

showing greater profits and paying higher dividends than ever before. I feel that the Board should immediately stop all wash transactions, broker stock loans, and short selling and if that cannot be done then the immediate raising of margins to 100 percent should be effectuated.

A. J. SABATH,
Member of Congress.

REPLY FROM SCHRAM

Last night I heard over my radio that Mr. Schram had answered me in a strongly worded telegram, and this morning I received the following message from him in which he tries to unload some of the blame for the slump in the market on the Federal Reserve System, which has restricted speculative loans on securities to help restrain the inflationary trends, and only with the greatest reluctance, just a short time ago, rescinded the no-margin rule and now permits operations on a 75-percent margin.

NEW YORK, N. Y.

Hon. A. J. SABATH,
Member of Congress,
House Office Building,
Washington, D. C.:

I have your telegram. You have made a serious allegation as to manipulative activities on this exchange. I deny them and I invite you to present any factual proof that you have to us or to the Securities and Exchange Commission which is the Government agency that regulates this market. If you do not have any factual information, I think that you should, in all decency, withdraw what you have said. Reckless statements of the character you have just put out are damaging to our public institutions. Prices on this exchange are established through open transactions which represent the composite judgment of the public. Short selling is rigidly regulated under our rules and those of the Securities and Exchange Commission. Copies of these regulations are available to you. Credit regulations are in the hands of the Board of Governors of the Federal Reserve System. You can, of course, address your complaints on that score to that agency. We feel here that one of the causes of recent weakness in our market is the discriminatory restraint upon loans to millions of people who own securities listed on the national registered exchanges.

EMIL SCHRAM,
President, New York Stock Exchange.

To that message I have made the following reply:

MAY 23, 1947.

Mr. EMIL SCHRAM,
President, New York Stock Exchange,
New York, N. Y.

DEAR MR. SCHRAM: On May 19 I wired you as follows:

"Mr. EMIL SCHRAM,
"President, New York Stock Exchange,
"New York City:

"Nearly all corporations show increase in their business and profits above the banner years of 1945 and 1946, and country's income last year was 165 billion and estimated 175 billion for 1947, which will be four and one-half times greater than in 1932. Country is generally prosperous, and production, employment, crops, and profits are at highest peak, and, notwithstanding publicity given out by professional and short-selling groups and a few publicists that business is sloughing off, the record shows that retail sales for the first quarter of 1947 have increased from 5 percent to 14 percent throughout the country. Consequently, in view of all these favorable indications, the public cannot understand why the prices of many stocks have

been hammered down almost one-half since November, while nearly all companies are showing greater profits and paying higher dividends than ever before. I feel that the Board should immediately stop all wash transactions, broker stock loans, and short selling, and if that cannot be done, then the immediate raising of margins to 100 percent should be effectuated.

"A. J. SABATH,
"Member of Congress."

Not receiving a reply to my telegram of May 19, I requested information on short selling from the Security and Exchange Commission. On May 21 I received partial information from the Commission and on the same day observed a report in the press that short interests from April 15 to May 15 increased 295,000 shares, exclusive of odd lot dealers sales and public small lot interest sales which confirms my fears that the shorts are again hammering the market with still greater force. Consequently, not hearing from you, I took the floor on May 22 and called attention to the fact that the same manipulations which were responsible for the crash in 1929 are now being reenacted. You resent the allegations in my telegram and ask that I withdraw them. My reply is that I have nothing to withdraw and will elaborate more fully on the situation in the near future. May I ask to what part of my telegram you object or do you have reference to the remarks which I made on the floor?

I am, I assure you, more or less familiar with many of the regulations of the Securities and Exchange Commission and of the New York Stock Exchange. I note your statement that short selling is rigidly regulated, and that the regulations of SEC are available to me. I have those regulations, and also the rules of the stock exchange. I urged the Commission last September to tighten the regulations so as to make it impossible for a few professional traders to hammer down the prices of the shares of some of the most outstanding corporations of America through shrewd manipulation in spite of the rules. Last fall, and now in the first quarter of 1947, all financial reports show unparalleled industrial and business earnings, high employment levels and consequently high purchasing power, the payment of regular dividends, and that American business is in better position than ever before. There is nothing to justify the deep decline in market values.

You state that I should address my complaints to the Federal Reserve System which you claim, is responsible because of restrictions of loans on securities. I shall, of course, as rapidly as time permits, obtain all the information I can from every agency which has any jurisdiction, including the New York Stock Exchange, the Securities and Exchange Commission, and the Federal Reserve System. Pending advices from the Federal Reserve System, I can only conjecture that the restriction on loans is being taken advantage of by the professional sellers.

I feel satisfied that my charge that short selling is detrimental to the best interest of the country and does depress the price of securities is correct and is proven by what has transpired during the past few months. I am not in the habit of damaging public institutions. I merely maintain what all economists are agreed on—that the stock exchange is the most conspicuous barometer of business conditions, and any artificial fluctuations strongly affect the public interest.

In this connection, I call upon the Securities and Exchange Commission and the New York Stock Exchange for the names of

all short sellers who have traded 100 or more shares since I first raised the issue last September 4, together with their short commitments.

Sincerely yours,

A. J. SABATH,
Member of Congress.

I do not know whether or not Mr. Schram is correct in his criticism of the Federal Reserve System, or whether the Federal Reserve is justified in restricting speculative loans. I can see how limiting such loans might aid short sellers.

BILLS INTRODUCED

I have today introduced two bills intended to discourage short selling. The first would produce revenue by placing a 5 percent transaction tax on each short sale. The second would prohibit the transmission of false information about securities which would, I hope, stop all the war scares aimed at changing the market. The text of the bills follows:

A bill to provide revenue from the short sales of shares of stock, grains, cotton, or other allied agricultural commodities

Be it enacted, etc., (a) That for the purposes of this act the term "short sale" shall mean sales at, or under the rules and usages of, any stock exchange, board of trade, or similar places, of shares of stock of any corporation, joint-stock company, association, or of grains, cotton, or other allied agricultural commodities of which the seller shall not have ownership or possession, actual or constructive, at the time of such sale.

(b) For the purposes of this act the term "seller" shall mean any individual, association, partnership, or corporation and/or any agent, factor, or broker thereof who sells shares of stock of any corporation, joint-stock company, association, or grains, cotton, or other allied agricultural commodities.

SEC. 2. There shall be levied, assessed, collected, and paid by the seller on each short sale a tax equal to 5 percent of the amount of said sale, which tax shall, without assessment and without notice, be due and payable to the collector of internal revenue within 10 days after the consummation of such sale.

SEC. 3. Any seller hereunder failing to pay such tax on any such short sale shall be guilty of a felony and upon conviction thereof shall, if a corporation, be punished by a fine of not more than \$10,000 for each offense, and all other persons convicted shall be punished by a fine of not more than \$5,000 or by imprisonment of not more than 2 years, or both.

SEC. 4. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all needful rules and regulations for carrying the provisions of this act into effect.

SEC. 5. This act shall take effect on the 30th day after the date of its approval.

A bill to prohibit communication of false information with respect to securities in certain cases

Be it enacted, etc., That no person shall transmit through the mails or shall communicate in interstate commerce any false information affecting or tending to affect the price of any security listed on any stock exchange if such person knows such information to be false and transmits or communicates it for the purpose of affecting the price of such security.

SEC. 2. Any person violating section 1 of this act shall, on conviction thereof, be fined

not more than \$5,000 or imprisoned not more than 3 years, or both.

SEC. 3. For the purposes of this act—

(a) "Person" includes a partnership, association, or corporation, as well as an individual.

(b) "Communicate in interstate commerce" means to transmit by any means of communication (other than through the mails) information from one State or the District of Columbia to another State or the District of Columbia.

(c) "Stock exchange" means a regularly established place under the rules of which securities are bought and sold.

(d) "Security listed on the stock exchange" means the stock, debentures, evidences of indebtedness, interest, or ownership of or in any corporation, association, or partnership authorized, under the rules of a stock exchange, to be sold there.

ASKS NAMES OF SHORTS

I have demanded the names and commitments of all short sellers whether they are professional traders or insiders who might be aiding or cooperating with the shorts, or others; and unless I receive the names and can make them public in a reasonable time I shall introduce next week a resolution directing the SEC and the stock exchange to produce the information so that the public may know the names of these manipulators. It is generally recognized that at least 90 percent of such sales are made by professional traders. Many are wash sales.

The fact remains, however, that the stock market is regarded by the people of the country, and especially by business and industry and all financial and commercial interests, as the principal barometer of our economic well-being and when market fluctuations are caused artificially by gamblers it is bound to have a bad effect on our prosperity.

I have started this crusade because of my thorough knowledge of the reasons for the 1929 crash and my bitter memory of what followed—the terrible destruction wrought upon the country in the wake of stock-market gambling and the slow recovery from those depths. I carried on the same crusade in 1929 and in the years following and my efforts were rewarded by the passage of the Securities and Exchange Act.

As I said yesterday on the floor, had President Hoover and those in power in 1929 heeded my urgent appeals the crash and the panic which followed would have been minimized. Not only did my efforts help bring about the SEC, but I also introduced in 1930 the first bill to establish the Reconstruction Finance Corporation, in the hope not only of saving banks, insurance companies, and railroads but to aid and assist all legitimate companies of the country and to help refinance the victims of the havoc brought about by the crash. Unfortunately, its passage was delayed until 1932, a Presidential campaign year.

I am now compiling my correspondence with President Hoover and his Secretary of the Treasury, his Attorney General, the then Governor of the Federal Reserve Board, and the then president, vice president, and governors of the New York Stock Exchange, together with their replies. A reading of even

the abstract of that correspondence should persuade all that my position then was justified and that I am equally justified at this time to continue my effort to put an end to a situation in which a few professionals can every 12 or 15 years destroy the Nation's prosperity and bring on recession and panic. Moreover, that large exchange of correspondence should be of great interest to every American who has the interest of our country at heart, and who resist the efforts of a small coterie to destroy our prosperity for their own selfish profits.

At the same time, I am consulting the Federal Reserve Board to ascertain their position and their reaction, and I am naturally urging the recent amendment changing the so-called 100 percent margin rule to a 75 percent margin rule be rescinded and stock trading again be placed on a cash basis. Brokers have been trying for a long time to persuade the Federal Reserve Board of Governors to reduce the margin requirements to 50 percent, and I, for one, am sorry they came even halfway.

SPECIAL ORDER GRANTED

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes today following the other special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. HOLIFIELD asked and was given permission to extend his remarks in the Appendix of the RECORD and include a radio address.

Mr. BUCHANAN asked and was given permission to extend his remarks in two instances and in each to include editorials.

Mr. REED of Illinois asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution adopted by the House of Representatives of the State of Illinois.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the Appendix of the RECORD and include certain newspaper items regarding Lieutenant Colonel Halloran of the WACS.

Mr. KEATING asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Rochester Times-Union.

PROVIDING SUPPORT FOR WOOL

Mr. HOPE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 814) to provide support for wool, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 814) to provide support for wool, and for other purposes, with Mr. HARNES of Indiana in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose yesterday the first section of the bill had been read. The Clerk will read.

The Clerk read as follows:

SEC. 2. (a) The Commodity Credit Corporation is directed, through loans, purchases, or other operations to support a price to producers of wool produced (shorn or pulled) in the calendar years 1947 and 1948 in the United States and its Territories at the price not less than that which the Commodity Credit Corporation has undertaken to support wool in 1946.

(b) Notwithstanding any other provisions hereof, the Commodity Credit Corporation may adjust support prices for individual grades and qualities of wool for the purpose of bringing about a fair and equitable relationship in the support prices for the various grades and qualities of wool; and may make discounts from support prices for off-quality, inferior-grade, or poorly prepared wool.

With the following committee amendment:

Page 1, strike out lines 4 to 10, inclusive, and insert the following:

"SEC. 2. (a) The Commodity Credit Corporation shall continue, until December 31, 1948, to support a price to producers of wool in the continental United States and Territories at the price it supported wool in 1946."

Mr. HERTER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HERTER to the committee amendment: Page 2, line 3, after the word "at", insert "90 percent of the parity price as determined by the Bureau of Agricultural Economics."

Mr. HERTER. Mr. Chairman, I agree fully with the words spoken yesterday by the distinguished gentleman from Georgia [Mr. PACE], that what we do here today with respect to wool is going to set the pattern for our future actions in regard to agricultural products in the first instance and perhaps many other products.

The amendment I have offered is offered in the hope that the pattern we set will be a pattern that this country can sustain. The bill as now drafted provides for wool a support price which is a fixed price, a price determined by the Congress at 42.3 cents. It is a price which will not alter regardless of any changes in our economic picture. That price is approximately 100 percent of parity—a small fraction over—but, as I say, it is a fixed price. In the Steagall amendment, commodities—we have throughout determined that a variable price at not less than 90 percent of parity should be the basis on which those commodities which for war purposes were increased in production in large measure—should be given support. Wool was never a Steagall commodity, designated by the Secretary of Agriculture, but the support price it received during the war period was a price set by the OPA on a fixed level and the present bill would carry the price at that level.

What is the practical effect of the amendment I am offering? We discussed at great length the tremendous cost of subsidies, the great burden on our Treasury and the difficulties that

arise with respect to tariff protection which is given to these commodities. The amendment that I offer would put the support price at roughly 2 cents under the world market price as of the present time. It would mean that wool, as a commodity, would go into the free channels of trade; it would not become a burden on the Treasury; there would be no requirement on the part of the Commodity Credit Corporation to apply the support unless there should be a very substantial drop in world prices.

The price that is fixed in this bill is a price roughly 2 cents over the world market price which means that the Commodity Credit Corporation must buy the entire clip and must then sell the entire clip at whatever price it can get for it as provided for in another section of the bill.

Mr. Chairman, it seems to me that we have got to determine today whether or not we are going to begin to set fixed prices on commodities here in the Congress and give them support. I think, as I said yesterday when this matter was being debated under the rule, that the producer of wool in this country is entitled to support. I am strongly for that. On the other hand, I feel that the price that is asked for is an excessive price and would inevitably mean a considerable burden to the Treasury unless, under the amendment that is going to be offered by the Committee on Agriculture, the tariff on wool should be increased by the President of the United States.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Georgia.

Mr. PACE. For the sake of the RECORD, I wonder if the gentleman concurs in my figures, that the support price as given by the gentleman is 42.3.

Mr. HERTER. Correct.

Mr. PACE. Parity being 42.1.

Mr. HERTER. Correct.

Mr. PACE. Ninety percent would be 37.8.

Mr. HERTER. Correct.

Mr. PACE. The effect of the gentleman's amendment will be to reduce the support price 4½ cents.

Mr. HERTER. Correct; roughly 10 percent.

Mr. PACE. Four and one-half cents per pound.

Mr. HERTER. The gentleman is quite correct.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. That would be under the present tariff, but if the circumstances change and the parity changes, why the price would be more or less than that amount.

Mr. HERTER. That would be quite true. It is quite possible if we get a slump in price in commodities during the coming year, that this fixed price might well be 130 percent of parity rather than 90.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Minnesota.

Mr. JUDD. Under the gentleman's amendment the wool support price would be tied to our whole economy as are other commodities rather than fixed by statute of the Congress for a year and a half; is that right?

Mr. HERTER. The gentleman is correct.

Mr. JUDD. Does not the gentleman feel that those of us who have opposed trying to fix or freeze our economy and price levels by Government order ought to support this amendment so that we give equity to the wool growers, but at the same time do not throw their product out of balance with the rest of the economy, knowing it will probably change either up or down, during the next year and a half?

Mr. HERTER. I agree with the gentleman.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is there any other basic commodity that there is a fixed support price on at the present time?

Mr. HERTER. There are a number of prices that are fixed, but they are fixed by the Secretary of Agriculture and not by the Congress.

Mr. McCORMACK. I meant by the Congress.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Is it a fact that most of these prices on commodities under the Steagall amendment and other Acts range around 90 percent of parity?

Mr. HERTER. That is true of a number of them. There are some where they go considerably above, where they were set by the Secretary of Agriculture, in order to stimulate production, where there was a shortage.

Mr. MONRONEY. For instance, flaxseed and other things that we had to have for world consumption.

Mr. HERTER. Yes.

Mr. MONRONEY. Is it not true that if we support wool, which is a large crop, at 100 percent of parity, as this original bill proposes to do, then we will be called upon to support every other agricultural commodity and give them the same kind of treatment?

Mr. HERTER. The gentleman is giving emphasis to the very thing I am trying to point out, that here we are setting a pattern that every other agricultural producer would have a right to insist on for his own commodity.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Illinois.

Mr. OWENS. When the gentleman says, "Every other agricultural commodity" does he include truck farming also?

Mr. HERTER. It depends on which particular element of truck farming the gentleman is talking about.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Mississippi.

Mr. RANKIN. That parity is based on the prices from 1909 to 1914, is it not?

Mr. HERTER. That is correct.

Mr. RANKIN. That was during the Taft administration, when the tariff was such a burden upon the American farmers that they revolted in every State of the Union except Vermont and Utah.

Mr. HERTER. Mr. Chairman, another phase of the economics in this picture was not brought out in the general debate at all. The income of the grower of wool, the sheep raiser, runs from 60 to 65 percent—I think I am correct in these figures—from the meat that he sells, and 35 to 40 percent from the wool that he sells. He is attempting in this bill to get his full protection on the wool, but no mention whatever has been made of getting protection on the meat prices. The studies that were brought out yesterday with respect to the economics of the wool group showed that the wool grower was losing money on each sheep that he produced. Those figures were arrived at at a time when there was a ceiling price on meat. At the present time the wool grower is getting a very much larger price for the carcass of his animal than he did at the time those figures were prepared. Further, the figures stated by the Tariff Commission were figures taken entirely from questionnaires which were sent to governmental banking and lending institutions to which the grower at the time was in hock, and did not represent a cross sample of the entire industry. I say this not in derogation of the industry itself. The industry certainly during the war period had a very difficult time with the ceiling prices on both the meat and the wool, but now the ceiling price has been lifted off the meat. The price which the wool grower is getting for his meat is an extremely good price at the present time. It seems to me that this small variation I have suggested in the support price on wool is not going to be a major factor in the economy of the wool grower.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is it not a fact that the price of wool today is 140 percent of what the wool grower was receiving previous to 1941, while the price on the lambs is about 250 percent?

Mr. HERTER. That is correct, 250 percent for the fattened lamb. The wool grower, the ranchman, however, is not getting as good a price as that.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. Does the gentleman feel that the sheep farmer is entitled to support for the meat, for the mutton and lamb that he produces?

Mr. HERTER. I see no reason why, if he should get support on one part, and the minority part of his product, he should not get support on the other.

Mr. MURRAY of Wisconsin. The fact that a subsidy was paid on certain classes of lamb during the war is an indication that it is entitled to support after the war.

Mr. HERTER. I am not quarreling with support for the wool grower, I am quarreling with the price at which we are setting that support.

Mr. Chairman, I hope very much my amendment will be adopted.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment and ask unanimous consent that I may be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. Mr. Chairman, the gentleman from Massachusetts says he is not opposed to protection for the wool grower, but the amendment he offers, if adopted, would deny the wool grower any protection under this legislation. The figures were put in the RECORD yesterday covering the cost of producing wool in this country. These figures were compiled by the Tariff Commission over a period of years from 1940 to 1946. They are carefully worked out, authentic figures. They show that for the year 1946 the wool producers of this country lost 9½ cents a pound on an average on every pound of wool they sold.

They show that in 1945 they lost 12 cents a pound on every pound of wool that they sold.

Reference has been made to the fact that under the Steagall amendment the rate of support is 90 percent of parity. Of course, that is not correct. Under the Steagall amendment the rate of support is not less than 90 percent of parity. At the present time there are a number of commodities upon which the support price is not only in excess of 90 percent of parity, but far in excess of 90 percent of parity.

Some of the figures I am going to give are for 1946 and some are for 1947. In the cases where I use the 1946 figures the programs for 1947 have not yet been announced.

In the case of dry edible beans the support price equals 95 percent of parity.

Dry edible peas had a support price of 94 percent of parity in 1946.

Flaxseed for 1947, 154 percent of parity.

On hogs the support price for last September 15 was 94 percent of parity. On October 15, it was 91 percent of parity. The figures for this year have not yet been announced.

On soybeans the 1946 figures were 107 percent of parity.

On alfalfa seed for 1946 it is 228 percent of parity for uncertified seed and 276 for certified seed.

On Alsike clover for 1946 it was 148 percent and on red clover 163 percent for certified seed and 135 percent for uncertified seed in 1946. Other types of clover were also supported far above parity.

On sugar beets in 1946 the growers received 125.1 percent of parity. In 1947, assuming the same parity as in 1946, the growers would receive 135.9 percent of parity, and based on the present parity calculations it will be 115 percent of parity. In 1946 Louisiana sugarcane received 105.4 percent of parity and Puerto Rican sugarcane 119.5 percent of parity.

So that there is plenty of precedent, I may say, for a support price higher than 90 percent of parity.

I also want to call attention to the fact that the support price for wool under this legislation is not necessarily 42.3 cents. That was the figure for 1946, but the figures for April 1947 were 40.2, and the figures for the various years from 1943 down to date have varied by the year due to the quality and condition of the wool and the amount of shrink. So that while the support price for 1946 was 42.3, up to date this year it is only a little over 40 cents, which at the present time is 95 percent of parity.

Mr. Chairman, the wool dealers in Boston and the wool manufacturers in this country are perfectly willing for the wool producers of the country to produce wool at a loss of 9½ cents per pound while they themselves are making the greatest profit in their history.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Not right at this point. I will yield to the gentleman a little later.

Mr. Chairman, let me cite some actual figures from Moody's Manual for Industrials. The American Woolen Mills net profit for 1940 was \$3,153,500. For 1941, which was a good wool year, it was \$6,944,000; and for 1946 it was \$20,098,000. Pacific Mills had a deficit of \$348,310 in 1940. In 1946 they had a profit of \$9,502,000.

Botany Mills had a profit in 1940 of \$527,481. In 1946 they had a profit of \$3,802,545, at a time when the wool producers of this country were producing wool at a loss of 9½ cents per pound.

I also have some figures indicating the earnings of workers in the woolen and worsted goods industry for the period 1941 to 1947. They show that from December 1941 until February 1947 the percentage increase of average hourly earnings was 66.1 percent. The average weekly earnings showed an increase of 70 percent. The workers in the woolen industry had that increase during the time when the wool producers of this country had their prices frozen at December 1941 levels were producing wool at a loss of 9½ cents or more a pound.

I have already mentioned the great increase in profits of the specific woolen manufacturers.

Let me also call attention to a statement from the National City Bank of New York City, Study of Economic Conditions, which shows the increase in corporation profits of woolen-goods manufacturers generally. I am giving you this in terms of percentages.

In 1941, which was a good year for profits, the percent return on the net worth was 11.8 percent. Not bad. But in 1946 the percentage return on the net worth was 25.2, at a time when the wool producers were suffering a loss of 9½

cents a pound upon their wool and when they were selling at prices frozen in December 1941.

I have not been able to get any detailed figures as to the profits of the woolen merchants in Boston who are opposing this legislation, but in the Senate hearings there was placed in the record, proceeding from the Tax Court of the United States in the case of Draper & Co., one of the big wool firms in Boston, where the Government was trying to collect back taxes, which showed that for the year 1941—I am sorry I do not have later figures, because I am sure that for 1946, judged by the general trend of profits they would have been much larger—but Paul A. Draper, president and treasurer, received a basic salary of \$30,000 and a bonus of \$102,000 and premiums paid on annuity contracts of \$29,350—a total of \$161,350.

Robert W. Dana, vice president, received \$18,000 basic salary, a bonus of \$72,000, and \$17,000 premiums paid on annuity contracts, or a total of \$107,000.

Malcolm Green, vice president, who is an official in the Association of Boston Wool Merchants, which sent every Member of the House a letter saying that the wool producers should still produce wool at 9½-cents-a-pound loss—Mr. Green had a basic salary of \$18,000, a bonus of \$72,000, and premiums on annuity contracts of \$17,579, or a total of \$107,579 compensation.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. Mr. George W. Brown, assistant treasurer, received total compensation of \$50,000. For those four officers there was paid out total compensation of \$427,268.41.

That is one company in Boston dealing in farmers' wool and vigorously opposing this bill. I have reason to believe that this statement represents no more profitable operation than those generally of the wool dealers in the Boston wool market.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman has been speaking of the income of these manufacturers during the last year. Wool was like any other commodity, the demand was so great that those who produced any kind of product could sell it; and those who wanted to take advantage of the people the way some of these companies did certainly made money. I do not believe it was wise or good business to do it. Today, however, conditions are such that about one-third of the woolen mills of the country are not in operation. Today there is a buyers' market where the people manufacturing woolen goods must go out and find a place to dispose of their products.

Mr. HOPE. As I understand, the mills are in full operation at this time.

Mr. RICH. No; they are not. The worsted mills are in full operation, but that does not apply generally throughout the woolen industry.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I suppose I have not a flock of sheep over a hundred in number in my whole district; nevertheless, I have listened to a lot of testimony on this bill and am convinced it has merit.

I think it is time the sheep growers, or shepherds, or whatever you want to call them, had a chance to be heard. They ought to receive consideration. Nevertheless, since I have served on it, this committee has voted to help everybody, all the groups and sections of agriculture in the entire country except to the best of my recollection the dairymen of the Northeast; and I think Congress ought to get busy to try to help them in the dilemma they now find themselves.

I received a letter the other day from a group of representative dairymen from home who told me that 35 percent of the income of the Northeast milk producers 100,000 of whom are in the New York milkshed and supply the metropolitan districts of New York, Philadelphia, Pittsburgh, Rochester, Albany and as far east as Boston has been cut and all the other cities up-State. Yes; 35 percent of their income has been taken away from them.

More power to the wool growers. They are getting consideration here today. The gentleman from Massachusetts [Mr. McCormack] mentioned some of the other groups yesterday which were being favored. Since I have been here this committee has voted to help the tobacco tycoons, the cotton kings, the big butter-and-egg men from the West, and a lot of others. I cannot for the life of me see why we should not be assisting farmers up there in the Northeast. Why does the Department of Agriculture keep cutting to the bone what the milk producer is receiving for his products up-State. This includes not only New York but all the other States that are connected with the New York milkshed, and they are Pennsylvania, New Jersey and some of New England. Speaking as a consumer I want to go on record as saying that the Department of Agriculture, under the leadership of the present Secretary, must do something about the spiraling prices the farmers are having to pay for their dairy feed in the New York milkshed. The millions of consumers, who live in the Northeast, compose more than one third of the population of the United States and they are served by this milk shed. Those millions of consumers are going to have great difficulty in meeting the prices which must be asked for milk and other dairy products as the result of present production costs.

I think it is only fair that we look into the forgotten section of the land, the Northeast, where all those millions of men and women need dairy products as part of the necessities of life—they should have consideration.

A friend of mine came to me the other day. He asked me how I stood on this wool bill. I replied that I am for it. He parried a little and said: "I do not know why you should be for it because it is log-rolling legislation." And he said, "A lot of these other sections will come in for their share of the grab bag if you pass this." My answer was that thinking is not applicable to the point at all. The point is that we want to help all sections of agriculture so that the great majority of the American people can enjoy a higher standard of living. By the same token as the Representative of one of the greatest dairy districts of up-State New York, I expect consideration to be given by the Department of Agriculture, not to cutting producer prices for fluid milk any further than they have been cut so far. The prices of feed are going way beyond any conception, way beyond the ability of the producers to pay. The Department ought to promise that cuts will be made in relative amounts in dairy-feed prices so that the production of dairy products, which reached an all-time peak at the time of World War II will continue on in order to feed the increased city populations. I speak as a consumer, not as a farmer; I speak as one who is interested in the price of milk to the consumer and in prices that the producers receive, because unless one is taken care of certainly the other cannot be.

If the Secretary of Agriculture has the power to lower the prices dairy producers receive for fluid milk, I say he has authority to control the costs of dairy feed so the dairyman of our section can stay in business.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GRANGER. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. GRANGER. Mr. Chairman, as I said yesterday, we are talking now about the very heart and substance of this bill. If the pending amendment is adopted—and I speak with some knowledge of it because I have worked on the matter for 2 years—we might just as well strike the enacting clause of this measure because it certainly will not bring any relief to the wool growers. As a matter of fact, it would turn loose tomorrow all the wool the Government has on the market, and certainly it would break every wool grower in the country. It simply means—this is not a guess, it is a fact—that the adoption of this amendment would immediately drop the price of wool tomorrow by anywhere from $4\frac{1}{2}$ to 6 cents a pound. I do not think the Congress of the United States wants to treat any agricultural commodity in that fashion. I hope therefore that the membership of this committee will vote against the pending amendment because it will destroy everything we are trying to do.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from Alabama.

Mr. HOBBS. There is one important point, it seems to me, I would like to get clearly in the RECORD one way or the

other. Is it or not a fact that the base period for the calculation of the so-called parity price was exceptionally low as regards wool?

Mr. GRANGER. I thank the gentleman from Alabama for raising that question. He has stated what is the fact. Ever since the parity formula was adopted, in the years designated as a basic period for wool, a part of the period at least, it was free trade. That was in 1914, when wool was on the free list. That was part of the time when the years for the parity formula were used.

It has always been the contention of wool growers, and cattlemen for that matter, that they had a parity period that was absolutely disadvantageous to them. We have been trying to get it changed. I think the Committee on Agriculture realizes that, too. If it were not for that fact, if it had a comparable period with other prices, the parity price would be much higher.

Mr. HOBBS. So that when the gentleman speaks of the percentage of parity that is now being fixed it is of a very low parity, and, therefore, apparently increases the percentage, although, in fact, it really does not on a fair price basis?

Mr. GRANGER. That is exactly right. It would be the same thing as having foreign commodities away down in price and then putting a percentage on them, and when they are away up, there is a big percentage increase.

I trust that the committee will vote against this amendment, because it certainly would be disastrous. As I said before, and I say it honestly, that if you vote for this amendment you might just as well strike the enacting clause of this bill and not waste any more time on it.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from Michigan.

Mr. MICHENER. Did I understand the gentleman to say that in his opinion if this amendment is adopted it would forthwith reduce the price of wool to the producer 4 or 5 cents a pound?

Mr. GRANGER. Yes; that is exactly right. As a matter of fact, one of our distinguished colleagues in this House, who has a few sheep, told me only this morning that he had sold his wool at 39 cents, because of the situation we are in now. As a matter of fact, under the support program wool did sell at 45 cents, and yet he lost 6 cents a pound.

Mr. MICHENER. Mr. Chairman, will the gentleman yield further?

Mr. GRANGER. Yes.

Mr. MICHENER. In my State we do not have a great many sheep, for we have family-sized farms. Many of those farmers have small flocks. We feed many lambs from the range and produce some sheep, but we sell much wool. Our flocks are clipped in the spring, as is usual. The spring clip of wool is in the farmer's barns, or in the storehouses. The local wool buyer who sells to, or buys for Boston, refuses to give a bid on the wool to the farmer who needs the money now, until something is done down here

about the present uncertain wool market.

Mr. GRANGER. That is exactly right. Let me say this: This is not a western bill entirely. Every State in this Union has a considerable number of sheep. Take Ohio and Indiana. They have hundreds of farms with small flocks of sheep, and they are mighty good sheep, too.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. HILL. Mr. Chairman, I move to strike out the last two words.

Mr. HILL. Mr. Chairman, there is just an idea or two that I would like to give to the House this afternoon in opposition to this amendment that has been proposed by the gentleman from Massachusetts. First of all, I think regardless of whether we live in the West, South, North, or East of this great Nation of ours. We all agree wool is undoubtedly a war casualty. I did not say "wool producers," I said, "wool" and I say that because—and I wish you would listen carefully—on December 9, 1941, 2 days after Pearl Harbor, the price of domestic wool in these United States was frozen by the administration, and it has remained under that program ever since. If you adopt this amendment that has been proposed to this House, you might just as well wipe out the whole program that we have been trying to carry on for the wool producers in this country, and in my opinion it might even go further than drop the price 4 cents per pound, because on my desk this morning is a wire from one of our—let us not call them wool producers, because they are not, they are men who buy lambs in the fall and fatten those lambs out for the market in the spring—which says that the drop in the price of wool, according to his wire, is now 16 cents per pound.

If you want to create chaos in the wool industry, pass this amendment—and that goes for the gentlemen's territory in the East as well as the West—that chaotic condition in any market, whether it is East or West or whether it is wool or whether it is wheat, absolutely affects every part, every segment of our economy, whether it is the producer, whether it is the middleman, whether it is the commission merchant, or whether it is the manufacturer. Long, long ago we passed from that position where you think you can affect one segment of our industrial machine and not affect every other interrelated segment.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Will the gentleman make clear to the House this 16.5-cent drop? Is that on wool or the meat?

Mr. HILL. That is on wool and has no relation to the lamb whatsoever. I wish we could distinguish here this afternoon so everyone would understand. There is no particular relation between the lamb chops and the wool when they go on the market, because the lamb is sold as a fat lamb, and this wool is a different thing altogether. We must keep those two things in mind. Of course, there has been no price ceiling on the

lamb, but there has been and is a ceiling on the wool, and every one of us should understand that. Now, let us go a step further and say this: I think behind this whole plan to wreck this bill is this: We must recognize the fact, and I wish we could keep this in mind, that for 40 years we have been importing wool. We have not produced enough wool for domestic consumption. And in my personal opinion there is no possibility that we will for many years to come. In the 40 years we have been shipping wool into this country, 24 times in that 40 years we have failed to import over 100,000,000 pounds of wool. The wool producers are in a chaotic condition, and they will be much worse if you adopt this amendment. Listen to these figures: In 1946 over 819,000,000 pounds of wool were imported; in 1945 over 704,000,000 pounds; and in 1944, 582,000,000 pounds. I will not bother you with more figures, but in 1938 only 18,442,000 pounds of wool were imported. How in the world can anybody reconcile those figures and stand in the well of this House this morning and say to me that I should support a bill that would entirely wipe off the map of this country all the great wool-producing sections of the United States, and that is exactly what you will do if you adopt the amendment offered by the gentleman from Massachusetts.

Mr. BARRETT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. BARRETT. Mr. Chairman, I am opposed to the amendment offered by the gentleman from Massachusetts. This is the situation in a nutshell. The wool growers of this country and all during the war have lost from 9 to 12 cents a pound on every pound of wool that they produced. The effect of the amendment offered by the gentleman from Massachusetts will be to increase that loss from 9½ cents per pound to 14 cents a pound. We have liquidated over one-third of the sheep industry during the past 4 years. If the gentleman wishes to put the wool growers of this country out of business, his amendment will accomplish that purpose.

We ought to be fair about this matter. As the gentleman from Colorado [Mr. HILL] has stated, the price the wool grower received for his wool all during the war and the price that he will receive if this bill is enacted is the ceiling price established by the OPA on December 9, 1941. I call your attention to the fact that while there has been no increase whatsoever in the price of wool from the day after Pearl Harbor until the present time, on the other hand, most every other farm commodity increased in price. Let me quote some increases: Rye, 233 percent; corn, 144 percent; cotton, 101 percent; and peanuts 100 percent. Wool increased 13½ from September 15, 1941, to December 9, 1941, but none since. The commodity that received the next lowest increase to wool all during the war is veal, 37½ percent.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from North Carolina.

Mr. BONNER. I should like to get this clear in my mind. Which is the by-product, the wool or the lamb?

Mr. BARRETT. I am glad the gentleman asked that question. The information the gentleman from Massachusetts gave the House on that point is just as wrong as it can be.

For many years our growers have found that the income from wool represented about 48 percent of the wool grower's income and the income from lamb about 52 percent. The Tariff Commission has studied that question for 40 years.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. BONNER. If the gentleman will permit me to interrupt him, I began to ask a question but did not finish it. You are here discussing the wool grower's plight. I would like you to discuss what the income of the wool grower, that is, the sheep farmer is, taking into consideration his wool and mutton jointly and not separating them. You are discussing what he makes on wool or what he loses on wool, but the picture I have in mind is that the two things go hand in hand. Then, I am told that much of our imported wool comes from an area where they do not pay any attention to the carcass of the animal and the sheep are merely raised for the high quality of wool. So, in answering this question, put both of them together—the meat and the wool—and let us see how the wool farmers stand as compared to the peanut, the sugar, and tobacco farmers, and other farmers. Put the income from both sources together and do not separate the wool.

Mr. BARRETT. I will be glad to answer the gentleman's question. The fact of the matter is that the United States Tariff Commission after a long and extensive study has reported that the wool growers of this country last year lost \$1.18 per head of sheep. They lost more than that in 1945 and more in 1944. The effect of the gentleman's question is very important. We cannot possibly compete with the wool growers of Australia. They run many thousands of head of sheep in a band. They pay very little in taxes and have very little other expenses.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. HILL. I would like to ask the gentleman from Wyoming a question which would answer the question of the gentleman from North Carolina [Mr. BONNER]. Some few years ago I heard a gentleman on the right-hand side of this aisle make this statement. I do not

know whether he remembers it as I will quite it, but he said:

You could shear a sheep several times, but you could skin a lamb only once.

What I want to say is this. We forget here that these lambs you are talking about that go to market are only sheared once, and most of the wool is pulled while these mother—shall I call them—ewes back home that produce these lambs are sheared year in and year, and that is where the income on wool comes from.

Mr. BARRETT. I thank the gentleman.

I want to call the attention of the Committee to the report made by the Tariff Commission a month ago. They report that for the year 1940, 48 percent of the income of the wool grower is from wool, and 52 percent is from lambs. In 1941, it was 45 percent from wool. In 1942, it was 44 percent. In 1943, it was 49.8 percent, which is nearly 50 percent. In 1944, it was 48.7 percent. In 1945, it was 49.3 percent.

Now, what is the situation with reference to the income from lambs? We grow feeder lambs in the West. The people who produce wool do not fatten the lambs. We sell our lambs as feeders and ship them to Nebraska, Iowa, Illinois, Ohio, and Indiana, and other States for fattening purposes. The fact of the matter is that during the war the Tariff Commission states that lamb increased 60 percent during the entire war period. That is the fat lamb. That is not the feeder lamb. The fact of the matter is the feeders did fairly well, but the producer or grower did not do so well. The gentleman from Massachusetts said there was a 250-percent increase in lamb, but that is sheer nonsense. The fact of the matter is that last year and all during the war we sold our lambs in the West around 15 cents a pound. That is about 30 percent over the price that we received before the war.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. BONNER. We have had all types of statistics here with respect to various farmers. What do the statistics show as to the income of the sheep raiser as compared with some other farmer, for a period of years?

Mr. BARRETT. The records show this, that if you take 24 different other commodities—

Mr. BONNER. No. I want to keep it all together. I want to keep his entire income together, the income from his sheep and his wool and everything else, and all the byproducts from raising sheep. How does that compare in income with the other farmers?

Mr. BARRETT. Well, the grower's income from wool and lambs has been low, in fact he has received the smallest increase since September 15, 1941, of any other farm commodity produced in America. I think that ought to answer the gentleman's question.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. CRAWFORD. Does not the report show, taking both those into consideration, that he lost \$1.26 per head of sheep?

Mr. BARRETT. That is right.

Mr. CRAWFORD. You are raising an accounting question. When the Tariff Commission goes out it has to take into consideration the wool and the sheep. They came to the conclusion that \$1.26 per head was lost for sheep running on the range.

Mr. BARRETT. That is precisely what the Tariff Commission has reported.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. FERNANDEZ. If the wool grower is not allowed to keep his ewe sheep and shear them, then the feeder will have no lambs, and both will be out of business?

Mr. BARRETT. That is right.

Now, the question is simply this: Do we want to protect the sheep industry of this country? Do you think it is important to have a sheep industry in this country? We have 800,000,000 acres of land in the West. The only use we can make of that land is to take the grass off of it, and if you destroy the sheep industry you will destroy the usefulness of that great area. There is no other use for it except to run livestock. We simply cannot increase our cattle population in this country because we have 10,000,000 excess cattle at the present time.

Now, the records show that we have liquidated the sheep industry in this country 35 percent in the last 4 years. The gentleman from Massachusetts [Mr. HERTER] says he wants to help the wool growers, but the effect of his amendment will be to liquidate the entire sheep industry in double time. That is the effect of it.

The CHAIRMAN. The time of the gentleman from Wyoming has again expired.

Mr. BARRETT. I ask unanimous consent, Mr. Chairman, to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. GOFF. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. GOFF. Is it not true that as a result of the loss of income for the wool growers, we actually have in this country now less sheep than we have had since 1867?

Mr. BARRETT. That is precisely correct.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. HILL. For how long a time does this 1946 price in this bill prevail?

Mr. BARRETT. It will run until December 31, 1948. When the Government instituted this support program in 1941, they promised the wool growers of this country that the program would be continued during the war and for 2 years thereafter. Now then the price was

frozen and remained frozen on December 9, 1941. We did not get any increase of any kind on our wool all during the war. I think it is manifestly unfair to say to the wool men of this country, "You did not get any increase during the war while the price of other commodities were increased up to 200 percent. Notwithstanding all that we are going to knock your price down at this time."

It is manifestly unfair. I trust the Herter amendment is defeated.

The CHAIRMAN. The time of the gentleman from Wyoming has again expired.

Mr. FERNANDEZ. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I think we all agree that there is no industry over which the Government had such full and absolute control during the war as the wool industry. Even under rent control, which is considered as the most rigid, the landlord was not so completely under control as the wool grower. In one way or another rent adjustments were brought about in individual cases as well as in certain classes to permit some increase. Not so with wool. As has been stated here, the price of wool was frozen at the beginning of the war and kept that way through the purchase by the Government at the peg price throughout the war. We do not complain of this but on the contrary the wool industry with every other item of expense going up, never complained. They felt that our armed forces came first.

In view of those circumstances, the least that the Government can do now is to provide a cushion for the wool men to soften the fall during the reconversion period from war to peace economy. This is all that this bill is designed to do. It is not intended as a permanent policy. It is an emergency measure.

What I have said is borne out by statistics which speak louder than words. Whereas cotton increased 101.4 percent from 1941 to 1946, wool only increased 13.2 percent. In the list of 24 basic commodities, wool increased the least by a large margin. The next lowest increase was that with respect to calves, which increased 37.7 percent.

In the course of the debate it has been pointed out that the support price program covered by section 22 of the Agricultural Adjustment Act deals with and is designed to support the price of commodities with respect to which there is a surplus because of overproduction, whereas it is stated that production of wool has fallen so low that there is no surplus. This argument overlooks the fact that although there is no surplus of domestic wool, nevertheless there is a tremendous potential surplus through the flood of foreign wool which will completely destroy the wool market.

The bill before us is not altogether to my liking. It seems to me that a proper quota on imports would have been more effective. But the fact remains that we are faced with an emergency and that we must act and act promptly. I sincerely hope that this House will rise to the occasion, and that the bill will be

passed with or without the House amendment, so that the conference committee of the House and Senate may present to us a composite bill acceptable to both the House and Senate at the earliest possible date.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. FERNANDEZ. I am glad to yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I assume that the gentleman favors the amendment the committee will offer.

Mr. FERNANDEZ. No; I do not believe I will favor it. I have been trying to make up my mind, but I do not think I can favor that amendment. I followed the arguments presented by the committee on the matter of import fees and I appreciate their force. I am not an expert on that nor am I a member of the Committee on Agriculture which has been studying this problem, but I will say that the Senate did not seem to think that provision was absolutely necessary, and I value the judgment of that body particularly when a matter of foreign policy enters into the question.

Mr. AUGUST H. ANDRESEN. Does the gentleman favor the amendment offered by the gentleman from Massachusetts?

Mr. FERNANDEZ. The gentleman from Massachusetts [Mr. HERTER]?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. FERNANDEZ. I do not favor that amendment for the reasons stated here a while ago to the effect that the parity price of wool is not a true parity price but is below comparable parity prices for other commodities. Otherwise I would.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. FERNANDEZ. I yield.

Mr. MURDOCK. The gentleman has made a very splendid statement. He has expressed my thought exactly. In our southwestern country there is a vast area fit only for livestock production. If we kill the sheep industry much of that area will be virtually barren.

Mr. FERNANDEZ. I thank the gentleman; and may I say in reply to a statement made awhile ago that to the wool grower, lamb is a byproduct and wholly a byproduct. It is wool that he produces and wool that keeps him in business. If he has to look to the sale of lambs to keep him going instead of keeping them to build up his wool flock, then he will have to go out of business; and, as a matter of fact, that is exactly what is happening today.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield further?

Mr. FERNANDEZ. I yield gladly.

Mr. AUGUST H. ANDRESEN. This program goes through 1947 and 1948. What will the gentleman do in 1949 unless there is tariff protection to keep his wool growers busy?

Mr. FERNANDEZ. By 1949 I believe we shall be in a period more normal than we are in now. We will face that when we come to it.

The CHAIRMAN. The time of the gentleman from New Mexico has expired.

Mr. HOPE. Mr. Chairman, I ask unanimous consent that all debate on the Herter amendment close in 35 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I have been very much interested in this debate. It is a very splendid debate on a very important subject. There are a few realistic things I want to mention without going into technical details.

We all know that the sheep industry throughout these United States, especially the northern part of the country, is a very important industry to the farmers. All through my district there are farms with small flocks which mean a great deal to the farmer. He needs that income. This land is only adaptable to the raising of sheep; it is hardly usable for anything else.

Let us take a little look at the character of the competition that we have. Australia is ideal for sheep raising. They have made it a scientific industry. They have developed the industry purely for export purposes. They have established a system of taxation in Australia which makes it possible for the sheep raisers in the most remote part of Australia to move their product to the ports for export at just as low a railroad rate as those who live close in to the city or to the ports. That is a great advantage. Not only have they a climate that is ideal for sheep, but the sheep over there can run out-of-doors the year around. Their sheep do not have to be sheltered from the snow or cold.

They have also developed the raising of turnips in Australia. They sowed thousands and thousands of acres of turnips, which grow quickly, and they are luscious. They turn the sheep into these fields of turnips. The sheep will eat the tops, then they will eat the part of the turnip that protrudes above the ground, then later on the sheep will dig them out of the ground until they have eaten the last part of the turnip, root and all.

This turnip feed produces the very finest kind of mutton and also produces a very superior quality of wool. They have their export factories for the mutton, which goes all over the world. As the distinguished gentleman from Wyoming [Mr. BARRETT] said a few minutes ago, they can move their products into this country cheaper than he can move his mutton and wool from Wyoming to New York. That also applies on the movement of mutton products from western New York to New York City. They can move their products over 9,000 miles into the Liverpool and London markets cheaper than we can move our products from the West to the markets of the East.

Mr. Chairman, I mention those things because there is a great deal of foreign competition, and, as has been pointed out, which if unrestrained can wipe out

a great big industry of this country, one that we cannot afford to sacrifice.

Now, we know from experience that if any country gets control of the production of a crop, why they can immediately raise the price, a monopolistic price, and the American people have to pay that price, because the product is essential to the welfare of the people of this country.

I wanted to bring out these few facts here because I want the people of the country to know that we cannot go into this great program, this international program of being a good neighbor, and letting these countries, where they can produce more cheaply than we can, take over our production here. It means creating a monopoly abroad. It means injury to a great segment of our economy, and we just cannot afford to do it.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, I hope I may be helpful in some measure in the consideration of this amendment, which I am not able to support. Of course, the committee gave consideration at what level wool should be supported. I presume you all understand that wool has been supported for the last 5 years, and the present proposal is merely to continue that program at the same level for this year and next year.

I hope that you also understand—and I think this should be very clear to everyone—that the support price for wool in the past and the support price proposed in the pending bill is the OPA ceiling for wool as established in 1941. I believe Mr. Henderson was the head of OPA at that time. This is the ceiling price OPA fixed on wool-basis-Boston, and that is all that is requested now. That is what the support has been in the past and that is what the committee is asking the House to continue. That is one of the things the committee considered in passing on this question.

Secondly, the proposal made by the gentleman from Massachusetts [Mr. HERTER] was considered, to reduce the support to 90 percent of parity. The committee thinks that would be unfair, because every Steagall commodity—and there are about 25 or 26 agricultural commodities under that act—is supported at not less than 90 percent. Not a one of them is restricted to flat 90 percent as proposed by this amendment. Certainly the least the gentleman from Massachusetts could do would be to treat wool as the other 25 or 26 Steagall commodities and support wool at not less than 90 percent of parity.

The committee further considered, in trying to arrive at what the support level should be, the report of the Tariff Commission that has been read to you, that last year the average wool producer in this country was losing money. The figures have been given you.

The committee further considered the fact that in 1943 there were approximately 49,000,000 head of sheep in this country and that on January 1 of this year there were only 32,500,000. Does that mean anything to you, that this industry is rapidly going down and down?

The committee further considered the fact—and here are the official figures—that in the period 1935–39 85 percent of the wool used in this country was domestic wool, and that in the good year, 1946, only 22 percent of the wool used in this country was American wool.

I am not directly interested in the wool producers but I do regard the production of wool in this country as an essential industry. We may have another war when the wool of foreign countries will not be available, and we should maintain and encourage our wool production.

I hope the amendment will be rejected.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

The Chair recognizes the gentleman from Texas [Mr. FISHER].

Mr. FISHER. Mr. Chairman, the gentleman from Georgia [Mr. PACE] has clarified this issue very well. I wish more Members could have been present to hear that and have a full understanding of it, because I am convinced that if the Members have a full understanding of the implications that would be involved in the adoption of the pending amendment it would be overwhelmingly defeated. If the Herter amendment is adopted, as the gentleman from Kansas [Mr. HOPE] very well said, it means that this Congress does not favor a support program for the wool industry. That is exactly what it means. The Herter amendment, which has the support of the Boston wool trade, would reduce the support price of wool to a level that would be below the world price, and therefore would not be any support at all.

Let us see whether the wool price in this bill is too much. That is the issue. The amount proposed in this bill is the 1946 price, which is the same price that was fixed by OPA on the 9th day of December 1941, and it is the same price that was paid during the war. Is that too much? Do you want to lower the level that has been paid during the past 4 years or do you want to keep it that way during the next 18 months, during the liquidation process that will be carried on in connection with this great stock pile?

Let us see if that is too much. It has been pointed out here that from the standpoint of parity, if you are going to put it on a parity basis, wool is at a relative disadvantage compared with other agricultural commodities. That is a historical fact, and it is a fact. It has been recognized universally. I heard O. V. Wells, with whom most of you are acquainted, down in the Bureau of Agricultural Economics, make that statement publicly in a hearing, that wool is at a relative disadvantage with other agricultural commodities covered in the base period of 1909 to 1914. That fact is further evidenced by a communication from President Truman himself to the chairman of the Senate committee investigating wool last year. Let us see what he said, and I hope all of you who are interested in this subject will listen to me. It shows the position of the administra-

tion on the issue involved in the Herter amendment. The President said:

Specifically, in view of the large-scale decline of sheep numbers in the United States during recent years, the large wool surpluses now hanging over foreign and domestic markets, and the present and prospective marketing problems confronting wool growers, it would seem desirable for Congress to enact special wool legislation. Such legislation should provide that—

1. The parity price of wool be revised or established at the so-called comparable level—

Why?—

so that wool parity prices will be on a level equivalent to parity prices for other farm products.

The President recognizes and everybody who is familiar with this subject from the historical standpoint recognizes that the parity price of wool is entirely out of line with the parity price of most other products. There is no question about that.

Mr. Chairman, I earnestly hope that the amendment will be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Chairman, I should like to direct an inquiry to the distinguished gentleman from Texas who just spoke. The gentleman referred to this in his remarks, which is what prompted the question. I presume from the studies of Dr. Wells, of the Bureau of Agricultural Economics, that 42 cents a pound for wool would mean between 40 and 50 cents per hour for the labor that went into producing that wool. May I ask the gentleman if he thinks that is a fair statement, based on his experience, and since Texas has about one-fifth of the sheep in the United States?

Mr. FISHER. I regret to say, in answer to the gentleman, that I am not familiar with the basis of the investigation which resulted in that conclusion. But the study of the comparable prices as compared with other farm products show that wool is at a relative disadvantage, to use his own words.

Mr. MURRAY of Wisconsin. In those studies I know they did not select wool farmers in particular. The study that they made of wool and these other studies that have been made would show that labor engaged in producing sheep and wool get somewhere between 40 and 50 cents an hour.

Mr. FISHER. I think the gentleman is exactly correct. Will the gentleman yield for an observation?

Mr. MURRAY of Wisconsin. I yield.

Mr. FISHER. If the comparable prices which can be justified and which the President of the United States says are proper in lieu of parity prices were in effect, the prices would be about 3 cents above the 1946 prices even though only 90 percent of comparable prices were paid.

Mr. MURRAY of Wisconsin. I thank the gentleman.

The point I wish to make is that anyone who wishes to vote for the so-called Herter amendment, and I might say that I am sorry the gentleman offered it, is saying in fact that he does not believe

in the wages-and-hours law so far as the labor on the farms is concerned. In other words, Massachusetts is one of the leading States so far as supporting wages-and-hours legislation and the Walsh-Healey Act. It is a rather progressive State, but, of course, it is a little behind Wisconsin as a rule. But now it comes here and the gentleman from Massachusetts says, "We believe in the Walsh-Healey Act. We believe in a minimum wage. We do not want 40 cents minimum wage. We are going to raise it to 65 cents or 75 cents, but we would like to put the farmers who are producing wool in this country in a different group. We will give your boys and girls banquets when they come down here, and we will contribute some money to your boys' and girls' clubs, but we cannot pay more than 36 cents an hour for the labor that goes into this product known as wool." It does not make any difference if the fellow who makes the cloth gets \$1.20 an hour, but the fellow who put the labor into producing the wool gets only 36 cents an hour.

I yield to my friend the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION. I do not blame the gentleman from Boston offering and urging the adoption of his amendment. As I understand it, they do not raise many sheep in Boston unless they have a few black sheep there just as we have in other parts of the country. But if I understand this matter, and I listened to the debate with a great deal of care, under the present prices the American wool growers in 1946 lost on an average 9½ cents a pound, according to the findings of the United States Tariff Commission, recently. Is that correct?

Mr. MURRAY of Wisconsin. The Tariff Commission has already followed that up. They will lose 3 or 4 cents more per pound.

Mr. ROBSION. Mr. Chairman, I am in favor of the bill as it was reported by the Committee on Agriculture and I am opposed to the amendment of our distinguished colleague and friend [Mr. HERTER], of Massachusetts. I have read the bill, the report, and have heard quite a lot of discussion of this bill and have also listened with interest to the debate on yesterday and today. I think the gentleman from Oklahoma [Mr. RIZLEY], as well as others, have stated the question fairly.

We must pay to the wool producers of this country a substantial subsidy out of the Treasury of the United States, or place a tariff or fee on imported wool sufficient to make up the difference between the cost of producing wool in this country and the cost of the wool being imported into this country from Australia and various other countries of the world, or, sit idly by and see the American wool industry destroyed, and taxpayers suffer millions of loss on 450,000,000 pounds of surplus wool held by the Government.

These observations are based on facts. When World War II came on, our Government froze the price of wool and took over the wool market here and that control has continued until very recently. In buying up all the wool of the American farmers over a period of several

years, our Government accumulated a surplus of wool. Today, the Government owns about 450,000,000 pounds of wool. It cannot sell a pound of this wool to the American manufacturers or anybody else because, under the law, it cannot be sold for less than the support price paid for it by our Government.

Great Britain and her dominions produce the greater part of the world's supply of wool. When the war ended, Britain and her dominions had a great stock-pile of wool. Britain and others formed an organization to take care of about 2,000,000,000 pounds. This organization controls 80 percent or more of the world's supply of wool. They can lower or raise the price of wool while the American Government cannot lower the price on the 450,000,000 pounds of surplus wool it has in stock. This association of Great Britain, her dominions and others has fixed the price on their wool below the price fixed by the American Government with the result that great quantities of this foreign wool are being dumped on the American market to American buyers. They are disposing of their surplus stock pile of wool and new wool. We have been increasing our surplus. There has been and now is very little demand from any source for American wool. The American Government and the American farmers must charge more for their wool than the world price. We will soon be confronted with a new wool clip in this country. This will add to our surplus by reason of the lower-priced foreign wool.

Let us bear in mind that our Government has already paid for this 450,000,000 pounds of wool and we have paid about 10 cents more than the price of foreign wool and we stand to lose more than \$50,000,000 at this time. Some plan must be worked out whereby the Government can dispose of its 450,000,000 pounds of surplus wool and the American farmers must dispose of their wool produced this year. That the American wool growers are in bad shape is clearly shown by the facts. The United States Tariff Commission, after a thorough investigation, found that in 1946 the American farmers lost 9½ cents a pound on their wool. They will still lose that much or more this year under the heavy pressure of foreign competition and they lost even a greater sum than that in 1944 and in 1945. This country must find some way to dispose of our Government's surplus wool and protect the American wool grower this year and next year. If we permit the heavy importation of foreign wool at present prices, or even lower, the Government will lose tens of millions of dollars on this surplus wool and the American wool growers and sheep producers will be driven out of business.

Some have suggested that we dump this 450,000,000 pounds of wool on the market and some have suggested that we, by appropriate legislation, authorize the Commodity Corporation to dispose of this surplus wool and the Government take the loss. I prefer the legislation proposed in the bill before us and that is for the Government to continue its price-support program until December 31, 1948, and fix such a fee or tariff on foreign wools as will prevent the flooding

of our country with foreign wools, and this will mean, of course, that this American wool will be sold to American processors, perhaps at the price the Government paid for the wool and, of course, it will save the taxpayers of our country these millions of dollars.

This tariff or fee being fixed at a sum making up the difference of cost of production of wool in this country and in foreign countries will take care of the sheep and wool growers in our own country. If this action is not taken, nothing short of ruin faces our own American farmers producing wool. This fee or tariff will be paid by the foreign producers of wool and this money will go into the Treasury to help take care of any loss on the 450,000,000 pounds of wool that we now have and also to pay the cost and expense of the price support program for American wool producers until December 31, 1948.

SHEEP AND WOOL DECLINE

The records of the Department of Agriculture show that the stock sheep population of this country has dropped from 49,807,000 in 1942 to 32,542,000 as of recent date and this is the lowest sheep population in the United States since 1897. Our wool production has dropped from approximately 460,000,000 pounds in 1942 to approximately 300,000,000 pounds now. There has been a tremendous increase in the population of this country and its meat requirements since 1897 but here we find one of our fine meat and wool industries the lowest it has been in 50 years. To me, this situation is alarming. It is high time that the Congress take action to preserve this industry. The sheep and wool industry are not only important to the economic life of this Nation but they are, and especially wool, among the critical materials of this Nation in time of war. More than 800,000,000 acres of land are devoted to wool growing. It provides employment to a great army of American citizens. It pays enormous sums in taxes to sustain district, county, city, State, and the Federal Government. This industry is confronted with a threat to destroy the capital investment, throw hundreds of thousands of people out of employment and dry up this source of revenue to maintain the various units of Government.

Let us not forget that every shipload of wool brought into this country at this time takes away that much of market for the American people and wool growers. Why should we sit idly by and permit the sheep and wool growers in foreign countries, by reason of their low wages, lower standards of living and lower cost of production, to take away the American market and destroy this great industry? If this business is taken away from the American people and American sheep and wool growers and their workers and turned over to the sheep and wool growers and their workers in foreign countries, then this money will be spent in foreign countries and cannot be spent for the products of American workers.

Under section 22 of the Agricultural Adjustment Act as amended and reenacted in 1940, cotton, wheat and other farm commodities have been taken care

of but the sheep and wool growers were omitted from this act. These other farm commodities have increased in price 90 percent or more since 1941. This bill fixes the support price the same as it was in 1946 and the support price of 1946 was substantially what the support price was in 1941. All groups in this country have received an increase in prices, profits, wages, and other commodities since 1941 but the wool prices have remained practically what they were in 1941 and that is why the sheep and wool industry has declined so rapidly and the American wool growers have been and are losing 9½ cents a pound or more on their wool and unless we take action to prevent hundreds of millions of pounds of wool being dumped into this country every year, the price of wool will continue to go down and the sheep industry will continue to decline.

Something must be done and done now. This bill, by continuing the support price until December 31, 1948 and to fix the price as of 1946, which in effect was the same as 1941, and fix a fee or tariff on imported wool, will bring some relief not only to the sheep and wool growers but relief to the taxpayers of this country.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, the point was raised in the debate yesterday by the gentleman from California [Mr. GEARHART] that the alternative to the present bill was the elimination of the wool growers of the United States. That statement beclouds the issue. No responsible official has made any such suggestion. The President on March 12, 1946, pointed out in a letter to Senator O'MAHONEY and placed before the Congress a sound and comprehensive wool program. In that statement Mr. Truman spoke of the decline in sheep numbers and cautioned that "care should be exercised not to take action which would place additional handicaps on the industry so long as the decline continues."

The President then set forth six points of a well-rounded wool program and concluded:

The above program will, in my opinion, afford domestic wool growers the protection and assistance to which they are properly entitled under this country's general trade and agricultural policies. The program will tend to encourage wool consumption in the United States, and will be consistent with our general foreign economic policy. In accordance with the views you have so frequently expressed, this country also should cooperate with foreign producing and consuming countries in efforts to encourage wool consumption abroad.

More than a year later the President in his Waco speech set forth the basis of his foreign policy in summary as follows:

1. The Reciprocal Trade Agreements Act has been on the books since 1934. It has been administered with painstaking care and strict impartiality. Some 30 agreements with other countries have been made. And trade has grown, to the great benefit of our economy.

2. This Government does not intend, in the coming negotiations, to eliminate tariffs, or establish free trade. All that is contemplated is the reduction of tariffs, the

removal of discriminations, and the achievement not of free trade but of freer trade.

3. In the process of negotiations, tariffs will not be cut across the board. Action will be selective; some rates may be cut substantially, others moderately, and others not at all.

4. In return for these concessions, we shall seek and obtain concessions from other countries to benefit our export trade.

I challenge anyone to find any basis for the charge that wool growing is to be sacrificed in those statements.

Everyone on either side of the aisle interested in a bipartisan foreign policy ought to reflect on these matters before he votes for a bill which the President will be forced to veto.

Mr. HARLESS of Arizona. Mr. Chairman, I am unalterably opposed to the Herter amendment. This amendment would place the wool growers of America in a worse condition than they are today. It is evident that we must have relief for the wool producers; otherwise we will liquidate an industry which means so much to the welfare of this country. To adopt the Herter amendment would mean an immediate reduction in the price of wool instead of an increase.

If we review the wool industry during the war it is plain to see that we must do something now in order to save the producers of wool in this country. Immediately after Pearl Harbor the price of wool was frozen and that price has not been increased to this day. The costs have mounted, but the prices have remained static. From 1942 to 1946 the population of sheep in this country dropped from 49,000,000 to 32,000,000 which represents a reduction of 35 percent. And the amount of wool produced dropped from 450,000,000 pounds in 1942 to 300,000,000 pounds in 1946 and that is a reduction of 35 percent.

The report of the United States Tariff Commission indicates that the wool growers of this country lost 9½ cents on every pound of wool produced in 1946. This report further indicates that the wool growers lost \$1.18 per head of sheep in 1946.

In view of the fact that wool is considered by the War and Navy Departments as a strategic and critical material we have reason to be alarmed at this tremendous reduction in the production of wool. Unless we pass this legislation in a form which will encourage and protect the wool growers of this country, in effect we will liquidate it within the next few years. We are spending tremendous sums to keep this country prepared for any eventual emergency. The world is in a critical state. It is just as important to maintain a healthy wool industry in this country as it is to maintain a prepared Army and Navy. We must vote down the Herter amendment and then pass this bill as it came to us from the Senate. If we do, we will be creating a thriving and prosperous wool industry.

The price of wool will not be too high, but by stimulating production we can forego the possibility of cartel arrangements and any other emergency which we may face in the future because we know that our country is capable of pro-

ducing enough wool to take care of most of our needs if we give our wool growers a chance to prosper.

Mr. MICHENER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Chairman, the quantity of wool produced in the district which I have the honor to represent in Congress is not large in comparison with the great wool-producing sections of the West. We have family-sized farms with a well worked out formula of crop rotation, and on many of these farms small flocks of sheep are maintained. In addition, our farmers purchase many lambs directly from the range in the fall. These lambs are fattened with our home-produced grain and alfalfa and sold to the packer in the spring. Meantime the wool is clipped and is an important factor in the farmer's economic operation in the handling of the lambs. Many of my farmers are, therefore, vitally interested in this proposed legislation.

There are comparatively few woolen mills in Michigan; however, I have at least one in my district and its operators are opposed to this legislation, which position is directly contrary to the position taken by my farmer constituents. As has been pointed out in this debate, the use of wool is essential in the everyday life of every one of us and occupies an important place in productive America. It is conceded that this country only produces about one-third of the wool we consume; therefore, the importation of foreign wool is essential and brings to the front the old question of cost of production at home and abroad. Under the American way of life, with our standards of living, it costs more to produce a pound of wool than it does in some other countries.

A few years ago when he was Secretary of Agriculture, Mr. Henry Wallace, in referring to sugar, insisted that foreign countries should be permitted to produce the things they could produce most efficiently, and that our own people should confine their production to things which they could produce most efficiently. The question of price of course enters into the all-inclusive word "efficiency."

Now that theory sounds all right, but we have just learned anew that in case of war it is essential that our country be sufficient unto itself so far as strategic materials are concerned. Wool is a strategic material and we cannot live or carry on a war without it. It is just foolish to kill or permit the domestic wool industry to be liquidated on the Wallaceonian theory.

As a matter of fact, the day after Pearl Harbor the price of wool was frozen at OPA ceiling and large quantities of wool were shipped to this country to form a stock pile for a prospective war when lines of ocean-going transportation might be cut off. Then by order of the Congress the Commodity Credit Corporation purchased all the domestic wool, paid for it, and controlled its distribution. The domestic producer was

protected and encouraged to continue to produce by a mandate that the Commodity Credit Corporation could not sell any wool below the parity price. Now it is conceded that the parity period which determined the parity price was unfavorable to wool as compared to other agricultural products; nevertheless, the Commodity Credit law is still in force and, as a result, this Government corporation has a little less than 500,000,000 pounds of wool in storage. Not a pound of this can be sold for less than parity and the world price is less than parity. As a consequence, almost a half billion pounds of wool are hanging over the market which, if it were released to be sold at war prices would ruin the present market, destroy the wool producers, and severely cripple many manufacturers who have stock piles acquired at parity prices.

Mr. Chairman, this bill will simply continue support, until December 31, 1948, of the present guarantee to the wool producer of the parity price. It will not raise the price to the farmer. It will not provide for a new subsidy. If the Commodity Credit Corporation is able to sell the wool it now has and which it will purchase at parity price, then there will be no loss to, or subsidy paid from the Federal Treasury.

We all realize that the reciprocal trade agreement law is in force and that the Secretary of State is continuously negotiating trade agreements with other countries. This bill directs the Secretary to follow the terms of the reciprocal trade law, make an investigation through the Tariff Commission, and whenever he finds officially that the parity price of wool is higher than the import price of wool, then he is directed to require the payment of an import fee or tariff on imported wool, which will equalize the import price and the parity price. To me it is just a form of the protective tariff applied through reciprocal trade machinery. The fee will only be sufficient to protect American labor and American industry in the wool production business against cheap foreign labor and lower standards of living which make that cheapness possible.

Now we must not forget that the wool producer and the farmer naturally want the best price they can get for their product. The processor of foreign wool wants cheap foreign wool so that he will have more foreign wool to process. The manufacturer who uses wool wants his raw material at the lowest price possible, and the importer is not interested so much in the price as he is in the business and, if domestic wool is available at the same price, his business will not be so great. As a result, the producer of domestic wool favors this legislation while the manufacturer, following the human instinct for profit, is often too selfish and forgets the essentiality of the wool industry in a well-balanced economy.

Mr. Chairman, I shall vote against the Herter amendment which is entirely in the interest of the wool processors, importers, and manufacturers. I shall vote for this bill which, in my opinion, is not only in the interest of business but is essential to the well-being and a con-

tinuance of a sound wool production in the United States. We must not forget that the sheep population has steadily decreased during the last few years—35 percent between 1942 and 1947. It is an astounding fact that there are less sheep in our country today than there were in 1867. In other words, the industry is being gradually eliminated because sheep producers will not continue at a loss or will not continue when the production of sheep does not yield a fair return compared with other agricultural products.

It has been feared that the President will veto this bill because it might prevent the Secretary of State entering into an agreement with other countries who market their wool through the British cartel.

Great Britain, with her dominions, produces most of the world's supply of wool. At the war's end, faced with a tremendous stock pile of wool, they formed the Joint Organization—JO—in order to protect their wool industry by an orderly liquidation of their stock pile of over 2,000,000,000 pounds. The Joint Organization controls 81 percent of the world's apparel-wool supply, and it has the power to lower prices at will.

During 1946 over 1,000,000,000 pounds of wool was consumed in this country. More than 80 percent of it was foreign wool. Last year 819,253,000 pounds of foreign wool was imported into this country. During that year, and as of today, the Commodity Credit Corporation has a stock pile of over 450,000,000 pounds of wool. Foreign producers dumped their products on the American market, because domestic producers are wholly unable to compete with low-cost producing countries. The Commodity Credit Corporation is prohibited by law from selling at less than parity. This restriction must be removed, so that the United States can dispose of its stock pile while wool consumption is high.

If we are assured that the President has no intention of doing the things which some fear, then there can be no reason why the Congress, which gives the Secretary of State the authority which he now has to enter into these agreements, should not be given specific direction. There comes a time when patience ceases to be a virtue when the Congress is delegating power to the executive branch. The purpose of this bill is not to provide a subsidy out of the Treasury. Indeed, it is just the opposite. It is intended to protect our industry and our way of life and permit those who enjoy the benefits afforded by this industry to pay out of their own pockets for what they purchase.

Mr. MURDOCK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK. Mr. Chairman, I am opposed to the Herter amendment. The author of the amendment has virtually admitted that the effect of his amendment would be to decrease the price of wool by as much as 4 or 5 cents a pound. That would be a very severe blow to the

wool industry of the West and I cannot in good conscience approve of such result, even if other effects of the amendment were known to be beneficial. It has been pointed out that American wool growers have lost money on their recent production and the effect of this amendment would mean still greater loss without any compensating advantages that I can see.

As the gentleman from Wyoming pointed out, there are many millions of acres of land in the West fit only for livestock production through grazing. This is true because such land cannot be farmed with cultivated crops, and forage, aside from timber, is its only natural production. Perhaps half of this vast area can be used only for grazing sheep, although some of it may be used for cattle and sheep together. But I will take the word of the gentleman from Wyoming that of such vast acreage suitable only for grazing, about half of it as he says can be used for cattle and the other half, as he thinks, can be used only for sheep, therefore, there are millions of acres in the far West which can be made productive only by grazing it with sheep. This vast region would be adversely affected without support-price for wool and might be economically ruined by wrong provisions in this bill.

I believe there is a greater area which would be rendered useless by destroying the wool industry than he indicated. There is a misconception about the relation between cattle and sheep on the western ranges. It is supposed by some that cattle and sheep cannot exist on the same general area. That notion has gotten abroad and is embedded in our literature because of so many historic and bloody feuds between cattlemen and sheepmen throughout the West. However, I think it is recognized today that cattle and sheep of the same owner can get along fairly well together on the same range if it is diversified.

Perhaps it is fairer to say that cattlemen and sheepmen cannot, or do not, get along together in their economic business. Many cattlemen are also sheepmen in these later years and run both cattle and sheep over their big ranges, the cattle requiring one kind of pasture and the sheep doing quite well on a different kind of forage on the same spotted area. Such being the case, there is even a larger proportion of the western ranges useful for sheep than the gentleman from Wyoming may have had in mind as suitable only for wool and lamb production.

Immediate steps must be taken to safeguard wool producers from the present situation, but the Herter amendment will not do it. Our country's prosperity in the West depends upon full utilization of all ranges up to their proper limits for maximum benefits, and it also depends upon stabilizing the wool grower's market and affording him proper protection.

Mr. RUSSELL. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Nevada [Mr. RUSSELL]?

There was no objection.

Mr. RUSSELL. Mr. Chairman, I also am opposed to the amendment offered by the gentleman from Massachusetts [Mr. HERTER].

The adoption of the amendment offered by the gentleman from Massachusetts would defeat the purpose of the bill and the amendment should be defeated.

I support the wool bill and the amendments offered by the committee for without continued aid to the wool growers the industry will face a serious situation. The Department of Agriculture report shows that the sheep population of this country has been reduced 35 percent since 1942, a drop from 49,807,000 to 32,542,000 head today, and there are fewer head of sheep now than there was 50 years ago.

This general situation relative to sheep prevails in Nevada as in other parts of the Nation. We are faced with a fast-dwindling industry unless it is protected. At the rate of decline in the numbers of sheep since 1942, unless the industry can be aided and stabilized, this Nation will be forced then to depend upon foreign sources entirely, not only for wool, but also for lamb and mutton.

A study of the sheep industry shows that the wool growers of this country lost 9½ cents on every pound of wool produced in 1946 and sustained a loss of \$1.18 per head of sheep on the average.

American producers of wool are unable to meet the low-cost production of foreign countries, and last year, 1946, 819,253,000 pounds of foreign wool was imported into this country. Great Britain with her dominions produces most of the world's supply of wool, and at the end of the war to protect their wool industry they formed the joint organization. This organization controls 85 percent of the world's apparel supply and has the power to lower prices at will. If, then, the American production of wool can be virtually wiped out by that organization, through the control of the price of wool and the wool shipped into this Nation at less than it can be produced here, in time our industry will be lost and we will be dependent upon the foreign sources for wool and those sources will control the price, and that is what is being done. The probable result in the end would be much higher prices for foreign wool as soon as the American wool industry is wiped out or forced to be curtailed to where this country would grow but a very small percentage of the proportion of wool needed.

Sheep in one way are a national resource of this Nation. They graze on and utilize the forage on the public ranges and national forests. To destroy that industry would be to destroy one of the greatest industries in the West, to destroy taxable units and to make this Nation dependent upon foreign supply and production.

This bill would continue support for wool until December 31, 1948. It would continue the support at a time when there is a surplus of foreign-produced wool. It is estimated that the joint organization has some 2,000,000,000 pounds of wool stored, and that under normal consumption in this postwar period it will take about 10 years to assimilate that

amount in industry, along with present production. Why then should an American industry be made to suffer? Why should wool growers be forced, in many cases out of business, to protect foreign wool production? That is what will be done unless this bill is passed.

Mr. MARTIN of Iowa. Mr. Chairman, I wish to supplement the remarks I made yesterday on this bill a little more along the line of the question of national defense.

Wool is one of the few agricultural commodities that appears on the list of critical and strategic materials compiled by the Army and Navy Munition Board. It has very peculiar properties that make it impossible to stock pile it in the way we would stock pile minerals and other strategic materials. They had to give it special treatment in their consideration of stock piling strategic materials. For that reason I think it is entitled to special treatment in such legislation as is now included in the bill under consideration.

I consider the action of the Agriculture Committee of the House on Wool as well justified, in going out of the usual course of treatment of agricultural commodities and support the Committee on Agriculture and oppose the amendment offered by the gentleman from Massachusetts [Mr. HERTER]. I desire also to mention the fact that we are still behind in our work on strategic materials. Back in 1941 we found that too little emphasis was given to the matter of stock piling strategic materials. That is again the case as we enter the post-World War II period.

In the case of wool, we have an example of a critical material that cannot be stock piled in large quantity and the stock pile must be rotated at relatively short intervals. The best possible program for wool that can be built up in the name of national defense is a good source of domestic supply, and that is my interest in this bill primarily. We must give wool different consideration than we give minerals. For instance, wool must be rapidly rotated. The domestic source of supply is more vital in wool than in most of the critical materials, and that is the point I desire to emphasize at this point.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Iowa. I yield.

Mr. JENNINGS. Would not the effect of the adoption of the Herter amendment mean that from \$12,000,000 to \$15,000,000 the wool might bring if that is adopted would go from the wool producers pockets into the pockets of the manufacturers of woollen fabrics?

Mr. MARTIN of Iowa. Representing a wool-producing area I know that it will go out of the pockets of the producers, and they need it very seriously. I have letters from home indicating that they are having difficulty in keeping their flocks going; in fact, a slight reduction in the price they have been receiving for their wool will have a very serious effect; many wool producers will not be able to stay in business.

Mr. JENNINGS. And in that connection the fact that flocks have been reduced in the last 3 years to the extent of

17,000,000 head is unanswerable proof that the ranchers quit raising sheep because they were losing money.

Mr. MARTIN of Iowa. I agree with the gentleman, and it is a dangerous trend, in the name of national defense especially.

Mr. BATES of Massachusetts. Do I understand correctly that at the present time the stock of wool owned by the Government is really in excess of the annual domestic production of wool in this country?

Mr. MARTIN of Iowa. I cannot give the gentleman the exact figures, but I understand the quantity in the hands of the Government is very large.

Mr. BATES of Massachusetts. Does it not necessarily follow that the higher these prices go, later in the form of manufactured products there will be public resistance against the purchase price of these clothes which in turn will be reflected back on the manufacturer and the wool grower if we do not find some way of bringing about an equalization of the price?

Mr. MARTIN of Iowa. I was quite impressed by the remarks of the gentleman from Wyoming [Mr. BARRETT] yesterday when he showed how very few cents difference in the price of a suit of clothes the difference in price of wool involved here would make. I thought that point was well worthy of our consideration, especially when we consider also the great importance of the support in keeping the production of wool here at home in America on a sound basis.

I sincerely hope the committee position prevails and the Herter amendment is defeated, and I hope the bill is adopted as recommended to the House by the Committee on Agriculture.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. MUNDT. Mr. Chairman, I am opposed to the Herter amendment. I expect to support the bill in the form reported by the committee. As reported by the committee this legislation is designed to give some degree of justice to the wool growers of America but if you adopt the Herter amendment I am afraid you will make of it largely a wool-dealers' bill.

Mr. Chairman, our sheep population has reached a half-century low mark of 32,542,000 head. During the past 4 years, our wool production has dropped to below 300,000,000 pounds—a reduction of 35 percent from the 1942 production. There has to be a reason for this tremendous and alarming decrease in the production of sheep and wool. That reason is not hard to find, Mr. Chairman. It is due to low prices and long-continued uncertainty in the sheep and wool industry. This legislation, S. 814 as substantially and wisely amended by the House Committee on Agriculture, eliminates the handicaps which have so sharply curtailed our domestic production of sheep and wool. I urge you to support the legislation, as it is now before you, and to reject the Herter amendment as well as an amendment which will be offered later by one of our Democratic colleagues to deny wool the tariff protection now enjoyed by other farm products for which it has been found absolutely

necessary. Let us approve this legislation as it is.

A recent report of the Tariff Commission shows that the wool growers of this country during the past few years have been losing money annually on both sheep and wool. These losses have run as high as nearly 10 cents per pound on wool and over \$1 per head on sheep. Such losses cannot continue unless America is to become completely dependent upon foreign producers for the wool required, not only for clothing and fabrics but for our national defense as well. The legislation now before you will comprise a real step toward the rebuilding of our domestic sheep and wool industry.

Mr. Chairman, what would be the effect of the Herter amendment? It is simply designed to defeat the purposes of this legislation to the extent of perhaps 4 or 5 or 6 cents per pound. It is devised to take away from the sheep producer a generous portion of the assistance and protection this legislation is intended to provide. Let us defeat the Herter amendment so that we can then vote upon the program provided by this legislation, on its own merits, unhindered by crippling amendments.

Mr. Chairman, the United States is taxing its citizens heavily and necessarily to provide funds to extend aid to the starving and diseased people of war-stricken areas; we are reaching far down into our pockets to provide money for aiding other countries to rehabilitate their war-torn economies; we are confronted by a gigantic national debt of our own and with serious domestic economic problems and adjustments. We can ill-afford in times like these to destroy a great basic industry such as the sheep and wool industry through shortsighted policies or through listening to the siren song of those who urge us to let our own industries die so that those of other countries might live. Mr. Chairman, that argument is neither sound nor sensible. If America goes bankrupt or spins itself into a devastating depression, there is no hope for the rest of the world. For our own security, as well as for the hope of all humanity, we must maintain a solvent America and a sound economic base for our fundamental economic activities. By supporting this legislation, we can give a measure of security and stability to the sheep industry of America and to that degree contribute to world stability as a whole.

The CHAIRMAN. The gentleman from Michigan [Mr. CRAWFORD] is recognized for 4 minutes.

Mr. CRAWFORD. Mr. Chairman, I wish to direct some questions to the gentleman from Massachusetts [Mr. HERTER], to the gentleman from Kansas [Mr. HOPE], and I believe to one other gentleman.

In the first place, if the gentleman from Massachusetts [Mr. HERTER] is on the floor I wish to ask him in view of the debate on this amendment what is the real purpose of the Herter amendment? What is the machinery back of it? In other words, what is he driving at? Because many of us are considering as to how we shall vote.

Mr. HERTER. I tried to make that clear at the time I offered the amendment.

Mr. CRAWFORD. Here is the reason I asked the question that way. It has been argued that it will cut the price of wool anywhere from 4, 5, or 6 cents per pound. That is one important item involved from the processors' standpoint. The processor of basic raw materials, of course, is always interested in obtaining his material at the lowest price possible, no matter what it does to the primary producer; but it is difficult for me to believe that the gentleman would offer an amendment for that purpose.

Here is another purpose. If it is true that wool dealers as such have not been permitted to participate in the wool trade since we took over wool control, perhaps 90 percent of the parity price or 80 percent of parity price or 60 percent of parity price would bring the dealers back into the picture. That may be one of the objectives back of the Herter amendment.

Then the third proposition might be that perhaps somebody wants to get rid of the Commodity Credit Corporation control of wool.

I advance those thoughts to give the author of the amendment a chance to explore those three things and I will be glad to yield to him because I cannot believe that the gentleman wants to destroy the wool industry. At the same time if the effect of the amendment will be a 4-, 6-, or 9-cent drop in the price of wool, certainly I cannot support the amendment. I yield to the gentleman from Massachusetts.

Mr. HERTER. I tried to make that clear. The price support called for in this bill is 42.3 cents. The price at 90 percent of parity is about 37.9 cents, a difference of 4.4 cents. That will be the support price. The world price as of the time that the Commodity Credit Corporation ceased buying was 40.1 cents.

The purpose of my amendment is to have for one thing a flexible price, not a fixed price. The second is to put it just under the world price so that wool would not have to be bought by the Government at this price and continue the Government buying the entire clip, but put it in a free market so that it will not cost the Government anything on support unless there is a considerable drop in general commodities.

Mr. CRAWFORD. If there is a considerable drop that is another thing.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. It is quite obvious that the gentleman who offered the amendment stated it would bring the price down 2 cents under the competitive world price.

Mr. CRAWFORD. Yes.

Mr. AUGUST H. ANDRESEN. Since we set prices throughout the world, in all probability it would mean a 2 cents lower price.

Mr. CRAWFORD. It seems to me I am forced to the conclusion that the amendment will point prices down. Whether they will drop 4 cents or 40

cents I do not know. However, any act on the part of the Congress that starts prices down on basic commodities, in other words a great economic force, and these commodities are a great economic force, it becomes a terrible thing for the people of this country who gather their livelihood from producing that raw material. Therefore, I cannot support the amendment.

The CHAIRMAN. The time of the gentleman from Michigan has expired. All time having expired, the question is on the amendment offered by the gentleman from Massachusetts [Mr. HERTER] to the committee amendment.

The question was taken; and on a division (demanded by Mr. HESELTON) there were—ayes 56, noes 110.

Mr. HESELTON. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 3. The Secretary of Agriculture shall establish monthly (commencing with the month of January 1947) a comparable price for wool and the comparable price so established shall be used for the purposes of all laws in which a parity or comparable price is established or used. The comparable price for wool shall be that price which bears the same relation to the average parity prices of the other basic agricultural commodities, cotton, corn, wheat, rice, tobacco, and peanuts, as the actual price for wool bore to the actual average price of such basic commodities during the period August 1934 to July 1939. Such comparable price for wool may be adjusted for grade, quality, season, and location.

Committee amendment:

Page 2, line 11, strikes out lines 11 to 23, inclusive.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 4. The provisions of sections 385, 386, and 388 of the Agricultural Adjustment Act of 1938, as amended, shall be applicable to the support operations carried out pursuant to section 2 of this act.

With the following committee amendment:

Page 2, line 24, strike out "4" and insert "3."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 5. The Commodity Credit Corporation may, without regard to restrictions imposed upon it by any law, dispose of any wool produced prior to January 1, 1949, at prices which will permit such wool to be sold in competition with imported wool. The disposition of any accumulated stock under the provisions of this section, however, shall be made at such rate and in such manner as will avoid disruption of the domestic market.

Committee amendment:

Page 3, line 3, strike out lines 3 to 10, inclusive.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 6. Wool is a basic source of clothing for the people of the United States, and, as such, is deemed a basic agricultural commodity.

Committee amendment:

Page 3, strike out lines 11 to 13, inclusive, and insert:

"SEC. 4. Section 22 of the Agricultural Adjustment Act, as amended and reenacted (U. S. C., 1940 ed., title 7, sec. 624), is hereby amended by adding a new subdivision as follows:

"(f) (1) Whenever the Secretary of Agriculture finds that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with any loan, purchase, or other program or operation undertaken by the Department of Agriculture or any agency operating under its direction with respect to wool or any product thereof or to reduce substantially the amount of any product processed in the United States from wool or any product thereof while any such program or operation is being undertaken, he shall, by order, impose such fees not in excess of 50 percent ad valorem on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to above, or reduce substantially the amount of any product processed in the United States from any wool or any product thereof. In designating any article or articles, the Secretary may describe them by physical qualities, value, use, or upon such other basis as he shall determine.

"(2) The fees imposed by the Secretary by order under subdivision (f) and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930.

"(3) Any order or provision thereof may be suspended or terminated by the Secretary whenever he finds that the circumstances requiring the order or provision thereof no longer exist or may be modified by the Secretary whenever he finds that changed circumstances require such modification to carry out the purposes of subdivision (f).

"(4) Any decision of the Secretary under subdivision (f) shall be final and any finding, order, or rule under subdivision (f) may be made by the Secretary without a hearing, formal or informal.

"(5) Whenever any fee is imposed initially on any grade or quality of imported raw wool pursuant to subdivision (f), there shall be levied, assessed, collected, and paid upon all such imported raw wool which on the date of the imposition of such fee is held in the United States by any person for sale or other disposition, other than wool held in customs-bonded warehouses, a floor-stocks tax at a rate equal to the amount of the fee imposed with respect to imported raw wool of the same grade and quality.

"(6) Under such regulations as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury shall prescribe, every person required to pay any floor-stocks tax shall make a return within such time as may be prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury and pay such tax within 6 months after the imposition of such fees.

"(7) Any person required to pay a floor-stocks tax or file a return hereunder, who willfully fails to pay such tax, or make such return, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than 1 year, or both, together with the costs of prosecution.

"(8) The term "person," as used in subdivision (f), includes an officer or employee of a corporation, or a member or employee of a partnership, who, as such officer, employee, or member, is under a duty to perform the act in respect of which the violation occurs."

Mr. HOPE. Mr. Chairman, I offer an amendment as a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE as a substitute for the committee amendment: On page 3, line 14, strike out all of section 4 and insert in lieu thereof a new section 4 as follows:

"SEC. 4. Subsections (a) and (b) of section 22 of the Agricultural Adjustment Act, as amended and reenacted (U. S. C., 1940 ed., title 7, sec. 624), are hereby amended to read as follows:

"(a) Whenever the President has reason to believe that any one or more articles are being, or are practically certain to be, imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or the Wool Act of 1947, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigations shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

"(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees on, or such limitations on the total quantities of, any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken, or will not reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or the Wool Act of 1947: *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 50 percent of the average annual quantity of such article which was imported from such country during the period from January 1, 1929, to December 31, 1933, both dates inclusive: *And provided further*, That no limitation shall be imposed on the total quantities

of wool or products thereof which may be entered or withdrawn from warehouse for consumption."

Mr. HOPE. Mr. Chairman, this amendment has been explained in connection with the general discussion on the legislation. It has been approved unanimously by the Committee on Agriculture. It follows the lines of section 22 of the AAA which has been on the statute books since 1935 and which has been a part of the recognized agricultural policy of this administration and the Nation for the past 12 years. What this amendment does, as far as section 22 is concerned, is to include wool as one of the commodities upon which the President may take action if the circumstances justify it. In addition to that, it provides that in the case of wool, if action is taken, that action must be limited to the imposition of import fees rather than giving the President a choice between the quota and an import fee.

The reason for that provision is, as everyone acquainted with the woolen industry knows, that it would be difficult if not impossible to administer a quota upon wool imports. That is because wool is imported from a number of different countries. There are hundreds of different grades. There are many importers, and it would be almost impossible to apportion a quota to those who would wish to import particular types and grades of wool.

For that reason, by agreement of everyone, it was decided that the powers given the President as far as wool is concerned should be limited to the power to impose an import fee.

Not only has this legislation been on the books for many years, but there has been action on it under this administration and the preceding administration on a number of occasions. On May 29, 1941, a wheat quota was imposed limiting imports to 800,000 bushels per year. At the same time a quota was imposed limiting imports of flour to 4,000,000 pounds per year. On April 13, 1942, that order was amended excepting wheat and flour for experimental purposes, registered seed wheat, and distress diversions of wheat and wheat flour from the quota provisions. Again on April 19, 1943, amendment was added excepting wheat purchased by the War Food Administration for livestock-feed purposes. In the case of cotton, there was a basic order imposed on September 20, 1939, on long and short staple cotton. On December 19, 1940, an amendment was made to it excepting certain staple lengths. On March 31, 1942, the order was again amended. On July 29, 1942, the order terminated country allocations for long staple cotton. On February 1, 1947, an amendment was imposed on short, harsh, or rough cotton giving those grades a quota of 70,000,000 pounds.

So that all we are doing today as far as wool is concerned is to bring it within the provisions of this legislation which has long been recognized as part of the agricultural policy of this country.

It also is in harmony with the request which came from the Department of Agriculture in a letter to the Speaker of the House on February 4, 1947, in which

was recommended that section 22 be amended and expanded to include other commodities upon which price-support programs were in effect.

Mr. COOLEY. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered to the substitute amendment by Mr. COOLEY: At the end of the substitute amendment offered by Mr. HOPE add the following language:

"No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party."

The CHAIRMAN. The gentleman from North Carolina is recognized for 5 minutes.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The gentleman from North Carolina is recognized for 10 minutes.

Mr. COOLEY. Mr. Chairman, the language contained in my amendment was taken bodily from the bill H. R. 1825 introduced on February 10, 1947, by the gentleman from Kansas [Mr. HOPE], chairman of the House committee on Agriculture.

The bill H. R. 1825 had the approval of Secretary Anderson, and I understand it had clearance by the Bureau of the Budget, but it never would have had the approval of Secretary Anderson or the Bureau of the Budget without the language to which I have just referred.

I am certain the distinguished chairman of my committee has no desire whatever to leave erroneous impressions upon the minds of the membership of this House, but unintentionally or otherwise I am afraid his last statement is well calculated to leave the membership of the House under the impression that Secretary Anderson in his letter of February 4, 1947, to the Speaker of this House advocated and approved the thing he is now attempting to do on the floor, that is, to secure the passage of a bill which will have the effect of placing wool under section 22, without language which would protect reciprocal-trade agreements.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes; of course I will yield.

Mr. HOPE. Does the gentleman say now that the Secretary of Agriculture is opposed to the amendment that the gentlemen from Kansas offered a short time ago?

Mr. COOLEY. I have no right to quote the Secretary of Agriculture. I have not consulted him about the amendment, but I venture the assertion that he is definitely opposed to it unless it contains the language I am now attempting to add to the gentleman's amendment.

Mr. HOPE. Does the gentleman know that the bill, H. R. 1825, which was drafted in the Department of Agriculture

in its original form when it left the Department of Agriculture, did not have the provision in it to which the gentleman has made reference and which he has offered as an amendment to the substitute?

Mr. COOLEY. I am perfectly willing to accept the gentleman's statement with regard to the matter, but I do know what was stated in the letter of February 4, 1947, in which the Secretary of Agriculture discussed the matter. I would like to read for the benefit of the committee just what he said with respect to this provision.

Mr. HOPE. Mr. Chairman, will the gentleman yield further before he goes to that point?

Mr. COOLEY. I yield.

Mr. HOPE. The gentleman knows also, does he not, that Mr. Dodd, Under Secretary of Agriculture, appeared before the Committee on Agriculture when this bill was under consideration and urged a quota upon wool imports?

Mr. COOLEY. My recollection is that Mr. Dodd made some such statement before the Senate Committee on Agriculture. I am not sure what statement he made before the gentleman's committee, but, regardless of what Mr. Dodd said about it, I want the House to hear what Secretary Clinton Anderson had to say about it. I can read it very hurriedly:

Certain limitations on the scope of action permitted under section 22 are involved in the agreements with foreign countries concluded under the Reciprocal Trade Agreements Act. Thus, all but one of our reciprocal-trade agreements prohibit the levying of new fees, duties, or other charges connected with imports against products included in the agreements;

Most of the agreements require consultation with the other country, except under exceptional circumstances, prior to the imposition of quotas on products given duty concessions in the agreements. The exercise of the authority granted under section 22 has not in the past conflicted with any of our international undertakings, and presumably this will also be the case in the future. It would, however, be of advantage to the United States in the conduct of its foreign policy if this were to be specifically required by section 22. Accordingly, the proposed amendment would prohibit any enforcement of a proclamation under section 22 that would be in contravention of the international obligations of the United States.

The amendment referred to is the amendment which I have just offered. Commenting further, the Secretary said:

In view of the need for broadening the applicability of section 22 to furnish the protection to programs of the Department of Agriculture which the Congress apparently intended, it is respectfully requested that consideration be given to amending that section as proposed in the enclosed draft. It is believed that the amendment is urgently needed, and that its enactment will be a definite contribution to the welfare of American agriculture.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HOPE. Does the gentleman contend that the passage of this legislation,

if amended as proposed by the amendment submitted by the gentleman from Kansas, would be in conflict with any existing reciprocal trade agreements?

Mr. COOLEY. I am not sufficiently familiar with existing trade agreements to know whether it does or not, but I will say this: That I have before me a letter from the Under Secretary of State, Mr. Clayton, to the effect that if we adopt this bill as now proposed to this House we will stand before the world convicted of insincerity. Now, that is Mr. Clayton's statement. Whether or not it is true, I do not know. I also know that Secretary Marshall is in complete accord with Under Secretary Clayton in this respect. It is easy to see just the effect of what we are about to do. First of all, as a member of the House Committee on Agriculture, I never thought I would be called upon to consider writing a tariff bill, and that is exactly what we are doing. No question has been raised with respect to the jurisdiction of our committee. If the Congress wants the great Committee on Agriculture to take over these important functions, I am, for one, perfectly willing to assume the responsibility.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield briefly.

Mr. GROSS. If this was cotton would you not feel different about it?

Mr. COOLEY. No, sir. You cannot start running rabbits. I am running a fox. I am talking of something of world-wide importance. I want it understood by the membership of this House, particularly the friends of reciprocal trade agreements, that now there is before this House the proposition whether or not we are going to repudiate reciprocal trade treaties under which we have operated for the past several years, or whether we are going to approve them by defeating the Hope amendment now before the House.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. RIZLEY. I want to ask the gentleman frankly this question: It is my understanding that, under the present international agreements or under the present trade agreements that we have, the Hope amendment, of course, does not violate any existing agreement, but the gentleman's language not only covers any existing agreements, but it says "any agreement that shall hereafter be made." Now, if we make any future agreements under the Reciprocal Trade Act, which we might say would lower the duties on wool, then, of course, this bill is out of the window, as the gentleman knows. This amendment, in effect, kills this bill, does it not?

Mr. COOLEY. The amendment, in effect, is compatible with the reciprocal trade treaty policy of this country and the amendment without the language which I am attempting to annex is thoroughly and utterly incompatible with such policy. How is it possible for our State Department to negotiate trade agreements and pledge the good faith of this great country of ours when the contracting parties know at the very mo-

ment that they undertake to enter into an agreement there is a sword at the White House with which we have armed the President to carve the heart out of any agreement that is there made?

Mr. RIZLEY. Let us assume for the sake of argument Mr. Clayton goes back over to Geneva and effects some other international agreement in respect to wool and the agreement he effects would prohibit the President from doing the very things this bill provides for. Then this amendment, of course, kills this bill, does it not?

Mr. COOLEY. I am not optimistic enough to believe Mr. Clayton will ever be able to negotiate another agreement and I doubt very much if he will undertake to go back to Geneva with this sort of a bill hanging over his neck to embarrass him when he goes to the conference table.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. LECOMPTE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Iowa.

Mr. LECOMPTE. I want to ask the gentleman what the parliamentary situation is. Did not this bill come out by a unanimous vote?

Mr. COOLEY. Yes; and I made my full confession yesterday on that.

Mr. LECOMPTE. There is no minority report?

Mr. COOLEY. There is no minority report, and no hearings.

Mr. LECOMPTE. Were not hearings held?

Mr. COOLEY. Hearings were held but not printed.

Mr. AUGUST H. ANDRESEN. They were held.

Mr. COOLEY. They were held but not printed.

Mr. LECOMPTE. The statement from the Secretary of State was there?

Mr. COOLEY. No; the statement of the Secretary of State was not considered by the committee. It was handed to me yesterday. But here is the proposition as I see it: You cannot go out of this House and say you did not understand that you are here cutting straight across the reciprocal trade treaties of the past, those that are now in existence, and giving a weapon to the President of the United States to carve to pieces any that may hereafter be made. If you are going to attack our international economic policy, our reciprocal trade treaties, why not approach the problem boldly and courageously? You are attempting to sabotage every agreement that is now in existence and to hamstring the State Department so that it cannot make new ones.

Mr. AUGUST H. ANDRESEN. Would the gentleman favor placing wool under a quota system?

Mr. COOLEY. I do not know that I would be in favor of placing wool under

a quota system. I think that is a subject that could well be considered by our committee and I would be perfectly willing to give it my time and attention.

Mr. AUGUST H. ANDRESEN. We have done it for certain types of cotton?

Mr. COOLEY. Yes; and I am not so sure I am for the quotas we have on Egyptian cotton. It seems to me we ought to be buying a little of it if we expect to trade with Egypt. The point is: Why should we approach this matter by the backdoor method? This is one of the greatest problems confronting this Congress and the country.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Georgia.

Mr. PACE. Speaking of a back-door approach, the gentleman admits his amendment would in effect destroy section 22. So why not just vote on section 22?

Mr. COOLEY. No; I do not agree with that. I read from Secretary Anderson's letter that section 22 had never embarrassed any department of the Government, that they had operated effectively in the interest of our own economy. He does say that he wants the language that I have in my amendment.

Now, there is the proposition. Are you as Democrats, and I will be a little bit partisan about it, going to follow your own Secretary of Agriculture, your own Secretary of State, and your own President, or are you going to let a subcommittee of the steering committee of the Republican Party write legislation for you?

I want to say that as a Democrat I am unwilling to repudiate Mr. Anderson, Mr. Marshall, Mr. Clayton, and Mr. Truman in this way and make it impossible for them to proceed with their plans to rebuild our world trade and to start the wheels of world commerce turning once again.

On May 9, 1947, Secretary of State Marshall in a communication addressed to Mr. Philip D. Reed, United States Associates, New York City, stated:

Since becoming Secretary of State I have spent most of my time in international political negotiations. This experience has reinforced my conviction that enduring political harmony rests heavily upon economic stability. A lasting peace demands international economic arrangements, whereby natural resources, plant and equipment, and manpower are fully and productively employed. The goods and services produced must flow through domestic and international trade channels. In no other way can we create an economic and social environment free from the unrest in which political instability is bred.

Mr. Clayton, head of a United States delegation, is now working in Geneva with the representatives of 17 other nations to remove excessive barriers to trade and to write into the charter for an International Trade Organization a code of good conduct for international trade relationships. This is a basic part of our general foreign policy. The success of these meetings will have a direct relation to the success of our peace efforts.

The roots of this policy reach far down into the basic interests of all of our people. Its benefits will redound to all. Our immediate job is to assure its effectuation. That is the challenge and the responsibility of all of us who earnestly seek an enduring peace.

May 18, 1947, on the occasion of the observance of World Trade Week, May 18-24, 1947, Secretary of State Marshall made the following statement:

The keynote of World Trade Week in 1947 is "World Trade Unites Nations;" a theme particularly appropriate for a time when the need for unity among peoples is more vital than ever before in history. National leaders are urgently seeking unity in all the fields of international relations—political, security, and economic. Economic conflict and trade wars invariably set the stage for political disunity.

Representatives of 18 trading nations are meeting now in Geneva in a concerted effort to achieve unity through expansion of world trade and the resulting increases in production, employment, and improvement of living standards in all countries.

Although the United States Government has taken a leading part in bringing about this meeting, a successful conclusion can only be realized through the cooperation of all participating nations. At Geneva these countries are seeking to lower excessive trade barriers and are engaged in drafting a charter for an International Trade Organization, to insure international cooperation in commerce. Agreement on this charter will mark a great step toward economic stability and the common security.

If there is doubt in anyone's mind as to why Mr. Clayton left Geneva, I suggest that you might communicate with him directly in an effort to obtain accurate information concerning his return to this country. I am sure that he would welcome an opportunity to discuss the situation with Members of either House of Congress. I only regret that he was not invited to speak to our committee before this controversy was brought to the floor of the House.

I hope, gentlemen, that I do not exaggerate the importance of the matter now under consideration. I sincerely believe it to be of great importance and worthy of the careful consideration of the elected representatives of the people. I believe that I know that the destiny of America depends upon our ability to solve the problems of world trade. I am convinced that this cannot be done by the method of retaliatory tariffs and trade barriers and by isolating ourselves from the rest of the world.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from North Carolina.

Mr. Chairman, before we get too far into this argument, perhaps we better stop and consider just how far reaching the results would be if the gentleman's amendment were adopted. The gentleman's amendment does not apply just to wool; do not let that confuse anybody. It applies to any action that may be taken by the President under section 22 as it stands on the books now. If we adopt the Cooley amendment, it means that the State Department would have the authority and the power to override and overrule this law, that Congress has enacted to protect the cotton producer, and the wheat producer, and the producers of other commodities in this country which are under price support programs.

If this amendment is adopted, it means that the State Department—not the Congress, and not the President—is going to say whether or not this protection will be afforded. It means that the Secretary of State may have more to say about the price policies affecting agriculture, than the Secretary of Agriculture. I believe that Members representing districts in this country whose products have the protection of section 22 should think rather carefully before they vote to adopt this amendment which nullifies all of the protection under section 22 if the Secretary of State wishes to take such action.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from North Carolina.

Mr. COOLEY. Did not the gentleman introduce H. R. 1825 with exactly the same language in it that is in my amendment?

Mr. HOPE. Yes.

Mr. COOLEY. Why did the gentleman then think that the language was so good and now it all of a sudden is so bad?

Mr. HOPE. Well, the gentleman from Kansas introduced the bill H. R. 1825 as a departmental bill sent up to the Speaker of the House and transmitted to the committee.

Mr. COOLEY. Then it is simply in the nature of a plea of confession and avoidance, as I mentioned yesterday.

Mr. HOPE. If that is what the gentleman wishes to call it. The Chairman, as he frequently does, introduced this bill in order to get the matter before the committee. Of course, the committee has not acted on the matter as yet, and the committee very likely will make amendments to the measure before it is acted upon.

Mr. COOLEY. May I ask the gentleman one other question? Is it correct that the Secretary of Agriculture, or the Bureau of the Budget, the administration, I will say, would not have approved H. R. 1825 with the language over?

Mr. HOPE. Well, that is something that the gentleman from Kansas cannot answer definitely because he does not know. He has been told that the bill, when it left the Department of Agriculture and went to the Bureau of the Budget, did not contain that language, and he has been told also that the State Department insisted that the language go in the bill.

Mr. COOLEY. That was the statement I wanted the gentleman to make.

Mr. HOPE. And that is, as far as I know, the history of the legislation before it came to the Speaker of the House.

As far as governmental policy is concerned, I do not think there is any question but what there is some conflict between the reciprocal trade agreement policy and section 22 policy. It is just another illustration of the fact that during all this period the administration apparently has not been able to make up its mind which way it did want to go on these conflicting matters of domestic and foreign policy. However, I submit that as far as the administration is concerned

that this section 22 policy, is just as respectable, has had just as much administration support behind it and is just as important from the standpoint of carrying out administration policy as any other policy that has been in effect during the past 12 years.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. GRANGER. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. HOPE. The gentleman from Kansas has no desire to take up an undue amount of time on this question but it seems to him that we might just as well strike out this section 22 provision from the bill; in fact, we had better strike it out if we adopt the Cooley amendment, because when we do that we put in the hands of the Secretary of State the power and the authority to go to Geneva, meet with representatives of other nations and log-roll and trade away the protection the Committee on Agriculture, the Congress, and the President have tried to set up for agricultural products during the last 12 years.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Utah.

Mr. GRANGER. It is not clear in my mind, but as I understand, when the agitation was on in the beginning of this session of Congress to do something about reciprocal trade agreements, the President directed a letter to the Senate Committee on Foreign Affairs or some other committee in the other body stating that he was for an escape clause being put in every one of these treaties that were negotiated where it was shown that the trade would be disadvantageous to American agriculture. Is not that true?

Mr. HOPE. I understand there was an agreement between the President or the Secretary of State, I am not sure which, and certain Members of the body at the other end of the Capitol, that agreements reached at Geneva would contain an escape clause provision which would protect American producers of Agricultural products. But if we pass this legislation we are repudiating that; we are saying that as far as Congress is concerned we are overruling that agreement and that understanding.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Indiana.

Mr. HALLECK. What I should like to understand is this: If the Cooley amendment is adopted and hereafter concessions are granted in respect to the tariffs on wool, then, the support program provided for in this bill being in effect, would not that involve the payment of tremendous amounts in subsidies out of the Federal Treasury?

Mr. HOPE. I am afraid that is what would happen.

Mr. HALLECK. In other words, future concessions given on wool would have to be compensated for out of the Federal Treasury, insofar as the support program is concerned.

Mr. HOPE. That would no doubt be true.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from North Carolina.

Mr. COOLEY. The effect of adopting the amendment offered by the gentleman without the language contained in my amendment would be to strike out the reciprocal trade treaties clear across the board, would it not?

Mr. HOPE. Certainly not.

Mr. COOLEY. Does the gentleman think our State Department would be able to negotiate a solemn agreement with some other nation knowing that this power was in the possession of the President of the United States?

Mr. HOPE. We have had section 22 in the law since 1935 and many reciprocal trade agreements have been made during that time. I do not see why the situation would be any different now. As to existing agreements I asked the gentleman a while ago whether he knew of any existing reciprocal trade agreements which would be interfered with by the adoption of the amendment offered by the gentleman from Kansas, and the gentleman said that he did not know of any. I can say this: I do not know of any reciprocal trade agreements covering the importation of raw wool which would be affected. We have reciprocal trade agreements with Uruguay and with Argentina on raw wool, but those agreements cover types of wool that we do not produce in this country, so this legislation would not be in conflict with those trade agreements.

Mr. COOLEY. As I say, I do not know whether or not it would be in conflict with trade agreements, but I do believe that the gentleman will agree that the effect of this language contained in the gentleman's amendment will be to make it difficult for our State Department at this time to negotiate future trade treaties.

Mr. HOPE. It will undoubtedly make it difficult to negotiate a trade treaty lowering the tariff on wool.

Mr. COOLEY. Yes; that is true.

Mr. HOPE. If the gentleman's amendment is adopted, the Under Secretary of State, Mr. Clayton, can go back to Geneva and reduce the tariff on wool 50 percent if he wants to and there is no way on earth of preventing it. Mr. Chairman, the amendment of the gentleman from North Carolina should be voted down.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last three words, and ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Chairman, no matter what argument might be made by the gentleman from Kansas [Mr. HOPE], the fact remains that the adoption of his amendment, and I am addressing

myself to the amendment the gentleman has offered, will be construed, and, in fact, will be a direct attack upon the reciprocal trade legislation that this Congress has passed and which is now on the statute books.

It will have an effect indirectly upon every existing agreement in that every country with which we have an agreement will be sensitive to the adoption of this amendment and will govern their actions in the future accordingly. It will certainly have an effect upon any future negotiations.

As Under Secretary of State Clayton said, or the inference might well be drawn from his letter, it will practically mean the dissolution and the termination of the Geneva Conference that is now going on.

There are people in this country who think all we can do is sell to every other country and not buy anything and that we are going to prosper by that. Anyone who thinks that situation can exist is living in a dream world. We had that in the 1920's and it was a contributing factor to the depression of 1929 to 1933. We have learned by hard experience that in order to have prosperity in America we have to depend upon at least 10 percent of our production and farm products being sold and exported abroad. In order to have that situation, we must buy from other countries. There must be some kind of a balance of trade.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BARRETT. Will the gentleman admit that we have purchased 80 percent of the wool that we have consumed each year for the last 5 years from foreign countries?

Mr. McCORMACK. Not 80 percent. I will not argue with the gentleman on that point, but my understanding is that we produced about 30 percent of the domestic consumption. I will not quibble with the gentleman over whether the figure is 70 percent or 80 percent, but the fact is we do not produce enough wool in America to meet the domestic consumption. That is an indisputable fact.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to my friend from Pennsylvania. I thought you were interested in oil.

Mr. GAVIN. I am interested in oil and wool, too. Very much so. But in view of the fact that we do not produce enough wool, why not get into this stock pile of some 480,000,000 pounds that we have here in the United States and use that up? There is another question I would like to ask the gentleman while I am on my feet.

Mr. McCORMACK. All right. That is question No. 1.

Mr. GAVIN. Are we legislating on the wool industry and for the protection of the wool growers, or is this debate on the reciprocal trade treaties? I think we are getting a little off the beam here.

Mr. McCORMACK. Does the gentleman know how he is going to vote on the bill yet?

Mr. GAVIN. Yes.

Mr. McCORMACK. It is the first time I have heard the gentleman admit before the final vote that he knew how he was going to vote on any bill pending in this body.

Mr. GAVIN. The gentleman usually knows how he is going to vote.

Mr. McCORMACK. At least I make up my mind.

Now, the basic proposition in this bill is a support price for wool. The proponents of this bill started out with that proposition. As I said yesterday, when it went through the Senate so quickly and so easily, then avarice came in, and they conceived of section 4. Now section 4, and the amendment offered by the gentleman from Kansas [Mr. HOPE] is designed for no other purpose than to have the consumers, the American public, pay the subsidy to the wool producers. That is the new policy of the Republican Party. That is what this bill includes.

The proponents of this bill started out with the theory of a support price. The Senate bill shows that. It would necessarily follow, in order to carry out the provisions of the Senate bill, that the subsidy, if any, would have to be paid by the Government. Somewhere along the line they said, "We cannot stand for that, because that conflicts with the \$6,000,000,000 cut in this body and \$4,500,000,000 cut in the other body." They said, "Oh, we cannot do that." Then they conceived section 4 to slip it over onto the public and to have the public pay the price. Then, section 4 was too severe. It encountered too much opposition, and then they conceived of this very artful amendment to bring it under section 22 of the Agricultural Adjustment Act. But they still were in a box. They had Republican wool growers, and they had Republicans in the industry. In the industry they were divided. Those who purchased domestic wool were for anything. They would destroy all kinds of reciprocal trade agreements or anything else to get it through, because they have been threatened by the wool producers that if they did not support the bill they would not sell wool to the Boston market. I know, because they have tried to use that argument on me. I received a letter from a man in Boston, and I am going to answer him, because it is the most selfish letter I ever received, where a man puts his own pocketbook and his own interest above the national interest. I name him. He is in town now. I have not seen him yet. I hope that one day I shall see him so I can tell him what I think of his letter. The Republican Party does not want to displease the wool industry or any part of it, because up in Boston—I will tell my friend the gentleman from Kansas [Mr. HOPE]—I do not have any political or social connections with them, because they are the backbone of the Republican Party. They did not want to offend the wool growers. They did not want to offend any part of the wool industry, because they are the backbone of the Republican Party; and they gave an escape clause. The escape clause in this, applicable to no other commodity, that no import quotas can be applied. They are trying to ride two horses. That

is what is happening. And the public is made to pay.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes in view of the fact that my time was taken up answering questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. I also advise the gentleman from Kansas [Mr. HOPE] in his artful attack on the wool industry in Boston and the profits that they made—

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes; I yield.

Mr. HOPE. Does the gentleman deny the statement that the gentleman from Kansas made as to the profits of the wool dealers in Boston and the wool manufacturers generally?

Mr. McCORMACK. I have no knowledge and therefore I cannot deny, but I will say this much, that in 1946 all corporations made much more than they did in 1945 or 1944. You must remember that the excess-profits tax did not apply to 1946 profits. All corporations, in fact, and all industries showed greater net profit in 1946, where they had a net return, than they did in 1945. That is my recollection. Then, there is the carry-over provision. I might also say that that tax bill was conceived by a Democratic-controlled Committee on Ways and Means, and passed by a Democratic-controlled Congress. There is no question but what that entered into the 1946 net corporate profits. All business benefited, and I say that against the artful attack made upon the wool industry of Boston or elsewhere—and politically they are Republicans—it is a little strange that a Democrat must defend them in their political capacity. I think the attack upon the wool industry in Boston was unnecessary because of profits made in 1946.

Now we have the situation where a subsidy of some kind is necessary to carry out the support program. There is no question about it. The majority leader admitted it yesterday; admitted it also today. It is a subsidy, but instead of doing the right thing and paying the support price, which is the main purpose of this bill, and have it come out of the Government where it would cost less, they are passing this on by this amendment to the consuming public. It will pyramid and pyramid until in the end it will have cost the public two or three times the amount of the subsidy that the Government would pay if intellectual honesty were followed in the enactment of this bill, and the subsidy necessary to maintain this support price is paid by the Government.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HOPE. Mr. Chairman, that we may arrive at an understanding as to a limitation of time on this amendment, I ask unanimous consent that all debate

on this amendment and all amendments thereto close in 45 minutes.

Mr. WHITTINGTON. Mr. Chairman, reserving the right to object, will not the gentleman modify his request and make it apply to this amendment? There may be other amendments to be considered.

Mr. HOPE. The gentleman from Kansas intended to limit his request to the Cooley amendment and amendments to the Cooley amendment.

The CHAIRMAN. The gentleman from Kansas [Mr. HOPE] asks unanimous consent that all debate on the Cooley amendment and all amendments thereto close in 45 minutes.

Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. May we learn how the time is to be divided and who is to be recognized?

The CHAIRMAN. The following Members were seeking recognition at the time the request was agreed to: Messrs. MURRAY of Wisconsin, RIZLEY, Mrs. DOUGLAS, Messrs. CASE of South Dakota, JENNINGS, AUGUST H. ANDRESEN, GRANGER, PACE, RANKIN, HOFFMAN, CRAWFORD, and RAYBURN.

Mr. HOFFMAN. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. If I relinquish my time will it be divided amongst the others?

The CHAIRMAN. It will.

Mr. HOFFMAN. Then I will not use my time.

The CHAIRMAN. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] is recognized for 4 minutes.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I am sure the distinguished gentleman from Massachusetts would not be making his plea here today if the views of his Republican wool-selling constituents had not coincided with his own views on free trade, for some of the industries in this country. I am just wondering what his attitude will be when Mr. Clayton gets to operating on woolen cloth over at the Geneva Conference, proposing to reduce the duty on woolen cloth. Of course, I know some of the manufacturers up in the Boston area want free wool and a high duty on the products that they produce. That is only natural. I would not even say they were selfish to ask that because they are trying to protect themselves and their industry just as the producers of wool are expected to do here today.

There is not a great deal of wool produced in my district, but, as I see it, wool is one of the vital and essential commodities in this country. It is produced in the interest of the general welfare of the country. If we follow the State Department's argument and policy the wool industry in this country will be gradually liquidated until we will be left at the mercy of the British wool cartel that controls 85 percent of the wool production in the world.

Mr. CLEVINGER. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Ohio.

Mr. CLEVINGER. Would not the effect of the adoption of this Cooley amendment be to make the Agriculture Department a little bobtail on the State Department dog?

Mr. AUGUST H. ANDRESEN. I do not think there would even be any bob left on the tail if they follow the State Department's philosophy.

Mr. CHENOWETH. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Colorado.

Mr. CHENOWETH. In connection with this larger question, may I ask whether or not the State Department or the Congress of the United States is going to write the basic legislation in this country?

Mr. AUGUST H. ANDRESEN. I always thought that the Congress should write the policy, but having lived through the experience of 14 years of a New Deal administration I found that most of the policies were dictated and written down in the State Department or some other agency of the Government, and if the Congress did not pass a law according to what they wanted down there, whatever we did pass here would be interpreted any way they wanted to.

Mr. CHENOWETH. Then is it not about time to put an end to that policy and write language that even they can understand?

Mr. AUGUST H. ANDRESEN. That is what we are here for. We are supposed to write the policies and the officials in the State Department and in the other departments are supposed to carry out the intent of the Congress, because we are presumed to represent the people.

We had a Mr. Nichols, an economic adviser to Mr. Clayton, before our Committee on Agriculture. We discussed in particular the attitude of the State Department on the subject of wool and on the subject of other products produced in this country. The only thing we could gain out of Mr. Nichols' argument was that in connection with small industries like the wool industry, the pottery industry or the glassware industry, these should undergo gradual liquidation on the theory that in other countries, where cheap labor and a low living standard exists, production would be cheaper.

Mr. Chairman, the amendment offered by the gentleman from North Carolina should be defeated, and I hope that the Committee will overwhelmingly approve the amendment offered by the gentleman from Kansas [Mr. HOPE].

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. GRANGER].

Mr. GRANGER. Mr. Chairman, this is simply an amendment that gives the committee the opportunity to say how this subsidy, or whatever it is called, is going to be paid. The question is whether it is going to be paid by the consumers or by the taxpayers.

It has always been the argument of my colleagues on this side that they did not want any subsidy. We want the

price of the product paid in the market place. We have always—I will say most of us have—opposed a direct subsidy. Now, that is the question that is before us today and it is a very simple one, too, whether or not we want to put some restraint on commodities that are going to compete directly with wool or whether we are going to permit wool to come in, as it now does, for the next 2 years and let the Federal Treasury pay for it.

Now, it seems to me that our country has made a great contribution to the world. I have always voted for things that have been helpful to our neighbors, but inasmuch as we have made the contribution we have in American blood and materials, we certainly cannot be accused of taking a selfish attitude when we merely want to get rid of an emergency stock pile of wool, namely, 500,000,000 pounds.

Now, that is simply the question that is before the House, and I think we should support the committee. I want to say here for our distinguished chairman, if there have been any Republican politics in this thing so far as he is concerned, I have not been aware of it, and I have been working with him very closely. The wool industry of the United States will owe the gentleman from Kansas a great debt of gratitude if he is able to get this bill passed for them.

Now about the question that has been raised as to what this might do to the trade agreements. There is no trade agreement that will be abrogated or that is involved in this question. True, it might have some effect in the future. I think we might just as well be frank about this matter and say that the Department of State was actually engaged in lowering the tariff on wool when this legislation was brought to the Committee on Agriculture. There is no question about that.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. RIZLEY. Mr. Chairman, I yield the gentleman my 4 minutes.

The CHAIRMAN. The gentleman from Utah is recognized for 4 additional minutes.

Mr. GRANGER. It is true that there are negotiations on reciprocal trade agreements. But, where can you trade? As I told you yesterday, one-third of all the revenues we get from tariffs comes from wool. Sure, it is a question that is vital to Mr. Clayton. I think if there had not been some stop made to these negotiations, the wool industry would have been traded clear out of the picture. I do not think there is any question about that, and I assume that is the reason that Mr. Clayton is so exercised over this problem. Now, we might just as well be fair and frank about it.

But, I want to say that if there is a lowering of the tariff, certainly you are going to destroy this industry. If it is of as little consequence as some people seem to think it is, go ahead and destroy it, because that is all it will take—another lowering of the price of our domestic wool. As has been said here time and time again, it is a very important commodity in our economy. The War Department has said and still says it is a critical material needed

for our security. Suppose we kill the industry entirely. Do not be fooled by thinking the world is going to come to our rescue if we need wool in an emergency. When they get control of it we will be at the mercy of importing countries, such as the British Empire. We have been pretty decent with Britain, it seems to me. For the last 2 years at least we have given them our whole domestic market. They have had it in its entirety. It does not seem to me we are being selfish or doing anything that would disturb anybody in this matter because this is a temporary measure, primarily for the purpose of disposing of 500,000,000 pounds of wool that we have that we cannot sell. These are the issues.

I say to those people who are such great followers of the administration: Through all the dark days of the war and during our preparation, no one followed the administration then more than I. It is easy to be a great follower of the administration when you agree with what they are trying to do, but it is a different thing when you disagree with them just a little. I have not often disagreed with the administration. I do not agree with the gentleman from Minnesota; I am pretty much of a new dealer myself, as everybody knows.

Mr. Chairman, I hope this amendment is rejected, and that every other crippling amendment will be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, let us get this argument back on a nonpartisan basis. I am always partisan in a nonpartisan way. I am very happy that this discussion has partaken of that character. I see favoring this bill my good friends the gentleman from Wyoming, FRANK BARRETT, the gentleman from Colorado, J. EDGAR CHENOWETH, and the gentleman from Kansas, CLIFFORD HOPE, and over here are my distinguished friends the gentleman from Georgia, STEPHEN PACE, the gentleman from Utah, WALTER K. GRANGER, and other fine Americans who happen to be of the Democratic persuasion. This is not a Republican question or a Democratic question, it is a nonpartisan American effort to take care of the men and women who are engaged in the production of wool and mutton in this country. That is what it is.

Let us look at this amendment here and just see what we are undertaking to do to the Congress and to the President and to this bill. Here is the Cooley amendment:

No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party.

That means that we tie the President's hands, we nullify this proposed act of Congress, and we give a blank check of power to this man Clayton to scuttle the sheep and wool industry in this country. What does he say in this letter in which he challenges the sincerity of this Congress? He says that the sheep and wool production in this country re-

turns less than one-half of 1 percent of the income of our farmers and growers of livestock. Then he stresses the great importance of the international agreement he claims he is about to sponsor. Just what does he mean? It means that Mr. Clayton in his thinking is prepared to finally destroy the growing of sheep and the production of wool on the farms and ranches of the United States. There are fewer sheep in this country today than there were in 1867. In that year the population of this country was 40,000,000. Today there are 142,000,000 people in this country. In the past 5 years our number of sheep has fallen from 49,000,000 to 32,000,000. This has happened because it is no longer profitable to raise them.

Will Rogers once said that this country never lost a war and never won a conference. Clayton is in a conference. He wants to make goats out of our sheep growers.

Mr. Clayton, from my reading of his activities in international finance and trading, has done well for Will Clayton, but if he has ever done anything for this country it has escaped the publicity that has attended this self-aggrandizement and self-enrichment.

He says we must sacrifice this important source of food and clothing for our people to make the people of Australia, New Zealand, and South America feel good toward us. The Australians and New Zealanders should love us for what we have done for them. Had it not been for our sailors, soldiers, marines, and air forces, they would be Jap provinces today.

This talk about protection for our wool industry increasing the cost of clothing is bunk. There are four pounds of wool in an average suit of clothing. This costs the manufacturer less than \$2. The cost of the wool that goes into a man's suit of clothes, a boy's suit, or a woman's dress is not what increases its cost. The high price is the result of the high cost of its manufacture. What would the price of wool be and what would lamb chops cost if we were dependent on foreign countries for these commodities? America, so far as is possible, must be self-sustaining. And the craziest thing this Congress could do is to destroy the growing of sheep and wool on the farms and ranches of our country.

Do we wish to give this man, Clayton, this international trader, this fellow who challenges the sincerity of this Congress, the men who represent our people back home, this unlimited power? It does not lie in his mouth to challenge the sincerity of Congress. We have ample grounds for doubting his. Let us defeat the Cooley amendment and adopt the Hope amendment and take care of the American men and women who on farms and ranches all over this country are growing sheep and wool. It will be a black day for the people of our country should they ever become dependent on any foreign country for food and clothing which can and should be produced on our own farms and ranches.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Chairman, I am in sympathy with the purposes and objectives of the pending bill. I favor giving wool and all other agricultural commodities comparable consideration. I have high regard for the Committee on Agriculture, and I know of no man who has contributed more to agriculture in the United States than the distinguished chairman of this committee the gentleman from Kansas [Mr. HOPE]. I want to be sure that we are not putting wool in a preferred class insofar as this program is concerned in the pending bill.

The substitute of the gentleman from Kansas amends existing law to include the Wool Act of 1947. That is not as simple as including wool with the basic commodities, in existing law. That substitute includes the terms of this act, and the terms of this act call for a program for 2 years. If section 32 funds are continued, then programs may be continued or be made available for cotton, corn, wheat, and other basic agricultural commodities. But I am alarmed at the reports that the Subcommittee on Agricultural Appropriations intends to provide for the fiscal year 1948 that section 32 funds be paid into the Treasury and not be made available for support programs. If that is true, then, while there is other legislation authorizing import quotas and export subsidies, that legislation cannot be invoked because the basis of the other legislation is the programs that are authorized now only by section 32 funds.

The chairman of the committee said that he had under consideration H. R. 1825 in his committee to provide for agricultural programs. I call attention to the fact that the substitute under consideration so far as the cotton, corn, and wheat growers and growers of other agricultural commodities who are interested are concerned, covers, and I read from the substitute:

Under this title, or the Soil Conservation and Domestic Allotment Act as amended, or section 32, Public Law 320, Seventy-fourth Congress, approved August 24, 1935, as amended.

The word "title" does not cover the acts of 1938 or 1942.

There is not a word about the Agricultural Adjustment Act of 1938 or the Stabilization Act of 1942. So I respectfully suggest to the chairman and committee that, while I am in sympathy and am agreeable to their continuing and studying the matter of amending section 22 in fairness to the corn, wheat, cotton, and other basic agricultural commodities, it was an oversight that the Agricultural Adjustment Act of 1938, as amended, and the Stabilization Act of 1942, as amended, are not included. Why include section 32 of the act of 1935 or the Soil Conservation and Domestic Allotment Act, as amended, when the authority for implementing other programs authorized by section 32 are the said acts of 1938 and 1942? I call attention to this significant statement that in the pending bill under section 3, certain sections of the act of 1938 are made available to wool. The failure to include discriminates against other products or commodities.

I submit, therefore, and I urge the chairman of the committee and the members of the committee while I am agreeable to their procedure in committee or conference and while I rely upon them in the reporting of the bill H. R. 1825, with amendments, as to commodities and programs in general, in all fairness in view of the threat as to the repeal of section 32 funds or their being paid into the Treasury, unless you want to place wool on a preferred basis because under the terms of this bill if section 32 funds are not made available wool will still be provided for but not so with corn, cotton, wheat, and other basic agricultural commodities, these two acts should be inserted, which were previously passed by Congress and for which the Congress stands. There should be inserted in the pending substitute these two acts in substantially the following language, to wit: "or the Agricultural Adjustment Act of 1938, as amended or the Stabilization Act of 1942, as amended," before the words "or the Wool Act of 1947" in paragraphs (a) and (b) of the amendment.

I extend to summarize by saying that, while the distinguished chairman and other members of the committee have stated that the pending bill will not take from corn, wheat, cotton, or other basic agricultural commodities any existing rights or benefits, the pending bill by amending section 22 to include the Wool Act of 1947 would give wool a program if section 32 funds were paid into the Treasury and not made available for programs. The pending bill gives to wool a preferred status for it will not be dependent for the next 2 years on section 32 funds. I suggest to the distinguished chairman and to the members of the committee handling the bill that the substitute should be amended by inserting before the words "or the Wool Act of 1947" the provisions of H. R. 1825, amending section 22 (a) and (b) substantially as set out in said H. R. 1825. Such an amendment would cover: "the Agricultural Adjustment Act of 1938, as amended, or any loan, purchase-price support, or other program or operation undertaken by the Department of Agriculture or any agency operating under its direction with respect to any agricultural commodity or product thereof." I took the matter up with the chairman during the general debate when his substitute was proposed and suggested that it be amended to provide for other programs than wool. He responded that he did not want to open up purchase-price support or other programs or operations in connection with the pending bill, as wool was entitled to relief, but he stated that he was in sympathy with the definite provisions for other programs and that his committee would either report H. R. 1825, as amended, or a similar bill to provide for other support programs.

The question involves not only giving wool comparable treatment to corn, wheat, and cotton but unless clarified, in the event section 32 funds are not available for such other crops, it involves a preferred status for wool. Neither the committee nor the advocates of the pending bill ask for a preferred status. They want wool, cotton, corn, and other basic

agricultural commodities to have similar and comparable programs.

I respectfully suggest to the chairman that he offer, after conferring as I have with a number of members of the committee, an amendment to his substitute, as follows: In paragraphs (a) and (b) of his substitute, before the words "or Wool Act of 1947", insert a comma and the following: "or the Agricultural Adjustment Act of 1938, as amended, or the Stabilization Act of 1942, as amended." This will not provoke any controversy. This will not be going into other programs. It is a matter of clarification. If the Wool Act of 1947 is to be included, surely the Agricultural Adjustment Act of 1938, as amended, and the Stabilization Act of 1942, as amended, should be embraced. If it is necessary to embrace the Wool Act in the substitute, it is necessary to embrace the said two acts in the substitute so that if section 32 funds are not made available, support programs can be inaugurated so that export quotas, or for that matter export subsidies, may be maintained by the Commodity Credit Corporation. If my suggestions are not included by way of amendment to the substitute, I urge the committee, in conference, to give further consideration, as a matter of clarification, to including at least by way of amendment the language that I have suggested which is substantially the language of H. R. 1825, or to include the said two acts of 1938 and 1942. This will be possible under the rules of the House, as the substitute will be involved in conference and any clarification or modification of the substitute could be made under the rules. I am content to rely upon the chairman and his committee and the members of the conference, for wheat, corn, and other basic agricultural commodities are as vitally interested as cotton. I know the committee, as stated by the gentleman from Georgia [Mr. PACE] in my colloquy with him yesterday, is of the opinion that the purpose of the substitute is to place wool in the same, but in no better, category than cotton. If the Subcommittee on Agricultural Appropriations is successful in requiring section 32 funds to be paid into the Treasury, there will be no support program for any commodity, without a modification of the amendment as I have suggested, except wool, and I make this statement after having given careful consideration to the legal questions involved in amending existing legislation, and in passing the pending bill.

The CHAIRMAN. The gentlewoman from California [Mrs. DOUGLAS] is recognized for 4 minutes.

Mrs. DOUGLAS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Kansas [Mr. HOPE] and in support of the amendment offered by the gentleman from North Carolina [Mr. COOLEY].

We ought to help the wool growers. I feel that the bill that came from the Senate, S. 814, does just that. In giving help to the wool growers, in meeting the emergency with which we find ourselves confronted at the moment, in that we have a stock pile of wool, we should be very careful that we do not frame

our help to the wool growers in such a way that it will jeopardize the efforts which we are now making to establish an International Trade Organization.

We know that we cannot have a stable and lasting peace in the world that is based only on political cooperation. It also must be based on economic cooperation. The main factor in economic cooperation is trade. In the last session of this Congress we voted to join the world bank and the monetary fund. Neither the world bank nor the monetary fund has yet been able to operate fully. They will not be able to operate fully until world trade is again healthy and moving in an orderly and equitable fashion. Our country has taken leadership in the establishment of orderly and equitable world trade regulations. At this moment in Geneva we are meeting with 17 other nations to establish an International Trade Organization.

Why is wool so important in the negotiation? Because some of our best customers have nothing to sell us but wool. It is important for the healthy trade relations of this country that they do so. As a result of stock piling in the war we have an excess of wool at the moment, but this is a temporary condition. Ordinarily we must import two-thirds of the wool we need. Surely, we will not let this temporary condition blind us and wreck the Geneva Conference.

Although wool amounts to but one-half of 1 percent of the farm income in this country, the imports into this country from Australia, New Zealand, and South Africa are primarily imports of wool.

Wool makes up more than 95 percent of the dutiable imports into the United States from Australia. About 40 percent of our imports from New Zealand and 37 percent from South Africa are wool.

Unless these countries can get dollar balances by selling us wool, they cannot buy from us automobiles, refrigerators, and the products which we wish to export. We know that after the Smoot-Hawley Tariff Act was passed, imports into this country fell off and in direct relation our exports went down, and our national income went down, too.

The United Kingdom and the Dominions are tied together by a system of tariff preferences. It is to the advantage of this country to try to reduce empire preferences. If Australia, New Zealand, and South Africa are unable to carry on trade with us, then Great Britain cannot make the same arrangements with us which she would otherwise make. The United Kingdom cannot reduce or abolish its preferences unless the Dominions agree.

British Empire countries normally buy about 40 percent of total United States exports. And the United Kingdom alone normally buys 33 percent of the United States exports of farm products.

Without American dollars obtained by selling their wool in this country, the British Dominions cannot buy and pay for American agricultural and industrial products.

What we really have here are two bills. One bill to aid the wool growers and an amendment offered by the gentleman

from Kansas which is the beginning of the Republican attack upon the trade-agreements program.

There is supposed to be bipartisan support of our foreign policy. Trade agreements are basic to the economic peace of the world. If the Republicans propose again to lead the country back into economic isolation, they should bring a bill to the floor that clearly states this purpose.

We ought to help the wool growers. We ought to help them by a direct subsidy and not by erecting tariff barriers that will again isolate us economically in the world.

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman from Wisconsin [Mr. MURRAY] is recognized for 4 minutes.

Mr. MURRAY of Wisconsin. Mr. Chairman, not being a lawyer, I would just like to address myself to about half of the Members of this House. I wish to ask them two questions: I would like to ask whether this world joint organization we have heard about that controls 85 percent of the wool of the world could set up shop in the United States and not be subjected to the provisions of the Sherman Antitrust Act?

Now, if there is a lawyer on either side who feels qualified to answer that question I yield for him to do so. I would like to have any lawyer in the House answer that question. [Pause.]

I have given everyone plenty of time to answer the question but I have heard no answer. In other words I think the Members agree with me that the mere fact they do not answer indicates that any group that controls 85 percent of any commodity makes them automatically a monopoly or cartel and they would not dare operate within the confines of the United States of America without being subject to the provisions of the Sherman Antitrust Act.

My next question then is this: I would like to know how in the name of common sense Mr. Clayton or any other American citizen has any business to be going over to Geneva and conniving with a foreign monopoly that does not dare set up shop in the United States of America. Will you answer that question?

Now for many years we have heard much about this bad Smoot-Hawley tariff bill, so bad it caused the ladies to blush and the children to break out in a heavy rash, but I have noticed that under the New Deal they have implemented the Smoot-Hawley set, if you please, time and time again by putting embargoes in operation. When it pleased the New Deal to erect embargoes they have done so. The New Deal paid export subsidies when it suited them to pay export subsidies. They are paying an export subsidy this very hour. What other administration ever indulged in an export subsidy? The time has arrived when the New Deal and their brand of reciprocal trade treaties have been demonstrated as being, if you please, honeycombed with deceit and dripping with deception. The American people know the facts and they are entitled to know that while the New Dealers talk about good-neighbor policy and reciprocity they have in fact

erected more trade barriers than any administration in the history of our country. The New Deal has continually deceived the League of Women Voters and women's clubs with their false and fake propaganda. While they were talking about good neighbors they were erecting embargoes. While they were talking about reciprocity they were erecting sectional trade barriers.

If anyone wishes to defend the New Deal brand of reciprocity allow me to ask him to defend and justify the following: How can you defend a law maintaining the 42-cent duty on wheat as provided by the Smoot-Hawley Act and then turn around and implement this duty by an embargo? How can you defend the embargo placed upon the export of tobacco seed? How can you defend the export subsidies indulged in by the New Deal? These trade barriers, I repeat, have never before been erected in the history of our country. Then to think we have to listen to the deceitful talk and propaganda about the New Deal reciprocity program.

How in the name of common sense can the administration shed crocodile tears about a good-neighbor policy when it passes a bill, as I mentioned before, which prohibits the exportation of tobacco seed from this country and have the effrontery, the nerve, to pass such a bill when the Secretary of Agriculture's office states in black and white that it was done so that China and other countries cannot grow tobacco in competition with American tobacco. Is this your idea of reciprocity?

They are shadow boxing; they are and have been two-timing the American people. But the time has come when this administration, as all administrations, must answer for their sins. The sun is shining through the clouds now and the American people are finding out that they have been deceived. The American people have found out that the administration's propaganda about the New Deal brand of reciprocal trade treaties is not in keeping with the facts.

No living person can defend and justify the New Deal domestic and foreign agricultural program and anyone that knows what has taken place will even try to defend or justify it.

The American farmer has been used as the trading stock so that monopolies and big automobile corporations can amass greater profits.

The American wool grower today should not be sacrificed on the altar of a foreign agricultural policy that will ruin his business. The American farmer wants to electrify the other 50 percent of the farms of our land. He wants the other 90 percent of the farms to have the bathtubs and running water that are now available in the average city home. He wants only comparable equality with other groups, and he can rightly be tired of the do-gooders with their patent leather shoes and striped pants. American youth want a "piece" of America and they want equal opportunities with the other groups of our society. They are rightly deserving of no less.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The gentleman from Georgia [Mr. PACE] is recognized for 4 minutes.

Mr. PACE. Mr. Chairman, 14 years and 10 days ago section 22 was enacted into law. It was enacted upon the recommendation of a report submitted by the late President Roosevelt. It has been on the statute books from then until now. It was a part of the original Agricultural Adjustment Act. It is a farm section and was intended to help the farmers.

I hope the amendment submitted by the distinguished gentleman from North Carolina will not be approved, for the simple reason that in my judgment it will in effect repeal section 22. The gentleman's amendment provides that no action, no proclamation can be issued under that section without the prior approval of the Secretary of State or the Department of State. Inasmuch as Mr. Clayton, the Under Secretary of State, is in charge of the foreign economic affairs of our Government, that means, and can only mean, that it would place Mr. Clayton to a considerable extent in charge of the farm program of this Nation. The farm program should be in charge of the Secretary of Agriculture, but when you enact an amendment saying no action can be taken upon section 22 relating to farm programs without the prior approval of Mr. Clayton, in effect we have placed the farm programs in this country, to an extent at least, in charge of Mr. Clayton. If that is not true I do not know the purpose of his amendment. As I read to you yesterday, and I shall read again, the following line which is a part of section 22. It is subsection (d) of section 22:

Any decision of the President as to facts under this section shall be final.

Therefore unless it is an effort to put the Under Secretary of State in charge of the farm program I can see no reason for the amendment of the gentleman from North Carolina, because as the law is today before any import fee may be put on any agricultural commodity, it must in the first instance have the approval of the President of the United States and I assume that there is sufficient collaboration between the President of the United States and his Under Secretary of State to have a uniform program as to international negotiations.

Mr. Chairman, for these reasons I must earnestly urge that the amendment submitted by the gentleman from North Carolina be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, I wish to supplement what the gentleman from Georgia said and carry the thought just a little bit further. The Hope amendment proposes to amend section 22 principally by the insertion of references to the Wool Act of 1947. Along comes the Cooley amendment which does not propose to limit itself to the Wool Act of 1947, but with respect to everything covered by section 22 says that no proclamation under this section shall be enforced in contravention of any treaty or any international agreement that the United States is or may hereafter become a party to.

All that the Hope amendment does is to say that the protection afforded by section 22 for other agricultural com-

modities will be extended to wool. The Cooley amendment says that in all its ramifications section 22 shall become subordinate to any treaty or other international agreement. Do you want to establish that principle? Do you want to do that on the brief debate this amendment has had?

I submit to the members of the committee that the Cooley proposal to subject all commodity programs to the terms of unknown treaties and agreements raises a very far-reaching question. I see the gentleman from Mississippi present, who was worried about what might happen in the agricultural appropriation bill with respect to section 22 funds. He should have been much more concerned with what the Cooley amendment will do to all programs that come under section 22 if that section becomes subordinate to any treaty or international agreement. The all-inclusive character of the Cooley amendment is enough to defeat it.

After all, this matter before us is not as complicated as it might sound.

First of all the issue is as to whether or not you want to handle the situation by taking money out of the Federal Treasury. The amendment offered by the gentleman from Kansas seeks to let wool stand on its own bottom. Of course, it was one of the favorite methods of the New Deal to take money out of the Treasury. If you think that wool should stand on its own bottom and that you should not try to handle the situation with a check drawn on an overworked Federal Treasury, you ought to be in favor of the amendment offered by the gentleman from Kansas.

The second question is the relationship of the proposal to trade.

The gentlewoman from California and many others talk about the inability of this country to have export trade unless we also have import trade. That is true, of course. Trade is a two-way street. But that is also true here in the United States of America. The wool growers who, by the statement and testimony of the Tariff Commission, lost over \$1 a head per year for the last 2 years on sheep, also will lose their ability to buy automobiles and refrigerators and Boston-made shoes and other things unless they can have a fair return on their product.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Colorado.

Mr. HILL. Right along that line, I have one county in my district in which we, a few years ago, checked on the possibilities of selling trucks, and there were more possibilities to sell trucks in Weld County, Colo., than in half a dozen countries in South America that year.

Mr. CASE of South Dakota. The gentleman's observation is very much in point. The best market for the American manufacturer is the home market of the American farmer. Why destroy it?

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

The Chairman recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I wish to subscribe to the statement made by the distinguished chairman of the

committee the gentleman from Kansas [Mr. HOPE], and by the gentleman from Georgia [Mr. PACE], a member of the committee.

Certainly, I am against the Cooley amendment. There served in this body for a number of years a great American, recognized so by the people of the country as well as the people in the other parts of the world. He served in the other body for a number of years with a distinguished career. He served as Secretary of State for a number of years, and I refer to the gentleman from Tennessee, Mr. Cordell Hull. For years he advocated to the people of this country that his reciprocal trade-agreement program was the big factor operating in the world to prevent wars between the nations. It did not prevent World War II, and so far as I have been able to find out it did not have the least influence whatsoever in preventing that war. The war moved on just as if there had never been a reciprocal trade-agreement program. The reciprocal trade-agreement program of the State Department, sponsored by Mr. Cordell Hull, has never saved the economy of any nation as evidenced by the fact that practically every nation on earth of any consequence at all sits on our doorstep 24 hours a day begging for our substance in the form of raw materials, manufactured goods, dollar exchange, moral support, military and naval defense and every other thing the American people can provide for the nationals of the other countries of the world. So when it comes to the cold-blooded question as to whether or not I shall support a reciprocal trade-agreement program as such, or support the agricultural workers and the manufacturers' pay rollees of this country, I do not have to debate as to whom I shall support. I will take care of our own people first in preference to any reciprocal trade-agreement program that has ever been advocated by the State Department of this great country of ours.

Now we are right up against this proposition. Our heads are right up against the snubbing post. This is the first round, on wool. You are going to face it on sugar. The day may come when you face it on peanuts, for instance; that has about six or seven dollars' duty per 100 pounds. The day may come when you face it on cotton, if you please. The day may come when you face it on livestock on the hoof, on vegetables, and on fruits, and you might just as well make your decision today whether or not you are going to follow Mr. Clayton and the reciprocal trade-agreement program as against the interest of the workers here in the United States, or whether or not you are going to protect these workers and protect America, protect industry so that it can continue to feed and clothe and shelter and defend and finance the balance of the countries of the world as you did under the \$8,000,000,000 you have already poured into their sinkhole since VJ-day; the \$4,500,000,000 which are immediately available to them and the \$12,375,000,000 which will be potentially available just as soon as your international fund for the stabilization of currencies and the international credit

bank gets well under operation. If the rest of the world is to receive all this support, you had better protect the economic interest of the people of the United States first so they will be in position to carry on. If this market is to be given to other countries, on what basis do you think American industry can prosper?

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. COOLEY] to the substitute amendment offered by the gentleman from Kansas [Mr. HOPE].

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk again reported the Cooley amendment.

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 27, noes 102.

So the amendment to the substitute amendment was rejected.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, at the risk of repeating, and because of the limitation of time, the chairman of the committee had no opportunity to respond to the statement I made a few minutes ago, I should like to say at this time that it strikes me that inserting in the bill the language "Agricultural Adjustment Act of 1938, as amended, and the Stabilization Act of 1942, as amended," would strengthen the bill. I want to be perfectly fair and candid. I stated to the chairman during the course of the general debate that I thought the language of the bill H. R. 1825 he introduced at the request of the Secretary embraced other programs, and I suggested that the language amending section 22 (a) and (b) might be included here in connection with the Wool Act of 1947 in his substitute. The gentleman stated that he did not want to open up this bill to other programs because wool was entitled to relief, and I agreed, because he said that matter in H. R. 1825 was going to be considered by the committee later on. But I now make this statement to the gentleman: In view of the threat that section 32 funds may not be made available for the fiscal year 1948, I have made inquiry and I am advised by competent legal authority, happening to be a lawyer myself, and this is my view, that while export subsidies and export quotas are authorized by other acts, in fact they cannot be invoked until first of all there is a program.

I am further advised that if section 32 funds are not available no program can be invoked or inaugurated by the Secretary of Agriculture and, therefore, there would be no export quota or export subsidies for cotton, corn, or wheat, and similar commodities.

I make the statement now that favoring as I do relief for wool inasmuch as there is put forward in this bill the substitute that you have proposed, the Wool Act of 1947, that that language gives wool a preferred status for 2 years, and even if section 32 funds are not available

wool will still be entitled to a program whereas cotton, corn, and wheat will not have a program unless section 32 funds are available.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I will be glad to yield to the gentleman.

Mr. HOPE. Of course, as the gentleman has stated, this legislation, so far as wool is concerned, is temporary. We are including wool under the provisions of section 22 during the existence of the Wool Act of 1947, which will expire on December 31, 1948. The bill if it becomes a law does not take anything away from cotton, wheat, or any other commodity but leaves them just the way they are.

I am in agreement with the views the gentleman has expressed as to the necessity for reconsidering the question of including some amendments such as the gentleman has suggested in section 22 legislation. I feel that the need for that consideration is imperative, and I can assure the gentleman that I will bring the matter to the attention of the Committee on Agriculture at a very early date. I hope at that time we can work out something along the lines of the gentleman's amendment.

Mr. WHITTINGTON. I appreciate that, but the fact remains that in the meantime if section 32 funds are withdrawn while nothing has been taken away until that is done, if they are taken away something will be done to cotton, to corn, and to wheat that is not being done to wool because we have put wool beyond section 32 in the pending bill.

I submit to the gentleman, and I respectfully suggest if the bill passes the House and it goes over to the other body that the gentlemen should very carefully look into the matter in conference as to the acts of 1938 and 1942 for whatever my views may be worth so that cotton, corn, wheat, and other basic agricultural commodities will at least have the same status that wool has under the terms of this bill.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I am glad to yield to the gentleman from Georgia.

Mr. PACE. The point that the gentleman makes is that if section 32 funds are entirely withdrawn, all other commodities will in the future be in the position that wool has been in the past.

Mr. WHITTINGTON. Exactly so. This language gives wool a preferred status for 2 years. In the interest of other agricultural commodities, frankly I cannot see why these two acts cannot be inserted as I have suggested.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes in order to yield to the gentleman from Kansas [Mr. HOPE].

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. HOPE. So far as I am personally concerned, I think his amendment is sound and one that should be adopted, but I do not think this is the proper place to do it. I do not think we can consider it at this particular time. I would like to give more consideration to it. I give the gentleman all the assurance that I possibly can that it will be brought to the attention of the Committee on Agriculture and will be carefully considered.

Mr. WHITTINGTON. As well as in the conference on this bill if necessary?

Mr. HOPE. Yes; if it is in order in the conference meetings.

Mr. WHITTINGTON. Of course, the gentleman is interested in protecting cotton, wheat, and other agricultural products. An amendment to your substitute to effectuate and clarify your substitute would be in order in conference.

Mr. HOPE. I say to the gentleman, that we are just as much interested in this provision in the wheat country as you are in the cotton country because we are probably going to have trouble with wheat before we are going to have trouble with cotton.

Mr. WHITTINGTON. Exactly so, and for that reason I submit the matter to your judgment as a friend, not only of cotton, but of wheat, corn, and other basic agricultural commodities, and I respectfully suggest that before this legislation is passed the language ought to be clarified so as to at least put other products on a parity with wool.

Mr. HOPE. I give the gentleman from Mississippi every possible assurance that that will be done.

Mr. WHITTINGTON. I shall go along with the gentleman, and I am not going to introduce the suggested language or acts as an amendment at this time. I rely upon him and his committee to protect the growers of other basic agricultural commodities, in the committee and in conference.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Kansas [Mr. HOPE] for the committee amendment.

The substitute was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended by the substitute.

The committee amendment as amended was agreed to.

The Clerk read as follows:

Sec. 5. The Commodity Credit Corporation may, until December 31, 1948, dispose of wool owned by it without regard to any restriction imposed upon it by law.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the action taken by the committee this afternoon on the Cooley amendment and the Hope amendment, there was considerable debate. I think every Member who listened to the debate was well aware of the fact that if the Cooley amendment was defeated it would mean practically the defeat of the policy of international cooperation with respect to expanding the foreign trade of the United States. The action taken this afternoon was taken under

the leadership and the specific direction of the leaders of the Republican majority in the House.

Mr. Chairman, I say that is absolutely contrary to all pronouncements that have heretofore been made by the Republican leaders in the country, because they said they favored international trade cooperation. They said they wanted only to cut tariffs by reciprocal agreements. That is the policy as announced by the Republicans when they went before the country in their platform of 1944. So I want the country to know, Mr. Chairman, that this action this afternoon was a backhanded action in crippling the policy of this country that will affect for years to come the domestic economy of this country and the economy of the entire world.

Mr. Chairman, the committee that has jurisdiction of the subject of tariffs and reciprocal trade agreements is the Committee on Ways and Means of this House. That committee has held hearings for more than 2 months on this subject, but no member of the committee made any motion or offered any resolution in the committee whereby the reciprocal trade agreement program was to be destroyed. Why did they not offer that? Because they did not want to go before the country and say, "We are going to kill this program." Because their pronouncements have always been that they are in favor of expansion of foreign trade. The committee that has had jurisdiction has been afraid to tackle it. Then they come around through the back door of the Committee on Agriculture and cut the heart out of that program, and against the advice of the Secretary of State and the Secretary of Commerce, when we are sitting around the table at Geneva trying to expand our trade and make honest bilateral agreements so that this country can go forward not only with economic expansion but also with political cooperation with all the countries of the world. Everybody knows that it helps toward permanent peace to have more trade. I charge the responsible leadership of this House this afternoon with destroying one of the fundamental policies that both parties have agreed upon and have sold the American public on during the last campaign, during the campaign of 1944. It shows that Republicans only gave lip-service to that policy.

Mr. Chairman, I want the leaders of the Republican Party, when they make up their platform for the 1948 campaign to keep in mind what happened this afternoon and not write some weasel-worded lip service to the policy of international trade and the policy of international cooperation. Will they proclaim to the country, as they did in their 1944 campaign, that the only way they want tariffs made or the reciprocal trade agreements program altered is by agreement, bilateral agreements, bilateral reciprocal agreements?

Mr. Chairman, this is going to be an issue of the 1948 campaign if this measure is passed by the House this afternoon and becomes law. It will have a tremendous effect on the economy of the country.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield. I know the gentleman from Illinois does not favor the reciprocal trade agreements program, and he has been very sincere in his opposition to it.

Mr. MASON. I agree fully with the gentleman. He is right when he says this will be one of the main issues in the 1948 campaign.

PROGRAM FOR WEEK OF MAY 26

Mr. HALLECK. Mr. Chairman, I rise in opposition to the pro forma amendment and do so for the purpose of announcing the program for next week. I am announcing it at this time, because a large part of the membership is here, whereas if I waited until after the vote on the bill there might not be so many Members present.

Monday, we will have consideration of matters from the District Committee, and after that we will begin debate on the Agriculture appropriation bill.

Tuesday, consideration of the Agriculture appropriation bill.

Wednesday, continuation of the Agriculture appropriation bill if not disposed of on Tuesday.

Thursday we expect to call up House Resolution 178, providing for investigation by the Committee on Post Office and Civil Service; and House Resolution 166 providing for an investigation by the Committee on Agriculture in the matter of surplus potatoes; and in addition any rules that may be in order next week upon determination with the minority leader.

Friday, of course, is Memorial Day, and we shall have no session that day, it being expected that we will adjourn from Thursday over until the following Monday.

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Chairman, I recall vividly the emotional appeals by the proponents of free trade made in urging the adoption of the Trade Agreement Act. Nothing was said by the free-trade advocates in urging the adoption of the act that their real and only objective was eventually to reduce all tariff rates to a minimum. The cry that went out to the country was that only by means of trade agreements could exports be increased and world peace be assured. This appeal to the large exporters and to the anxious fathers and mothers caused many to yield to this bureaucratic deception, and thus support the free-trade and peace proposal. The tragic consequences of this false propaganda presents one of the most ghastly holocausts in our history—Pearl Harbor. The subsequent war in the Pacific can be truthfully charged to the attempt of the State Department to build up exports in an effort to justify their promise that the trade-agreement legislation, if adopted, would increase exports. When the State Department failed to increase exports under the act it turned in desperation to the possibility of building up exports by encouraging the export of war

materials to Japan and Germany. This did not make for the promised peace, but it did prepare Japan and Germany to use these exports against our fighting forces. Thus the program of the trade-agreement advocates left a trail of blood and sorrow across this land. The character of the exports speak for themselves, and the consequences that followed are known in almost every home in this great land of ours. I insert a list of some of the exports that were to build up a record for the State Department in an attempted effort to justify the promises made to large groups in return for their support of the trade-agreement program.

During the period from 1937 to 1940 there was exported to Japan from this country, 8,000,000 tons of scrap iron, steel, and steel scrap, and also thousands of tons of other essential war materials. These annual shipments of war materials to Japan were so large and of such a variety and character that they could have been intended for no other purpose but conversion into a formidable war machine to be used on land, and sea, and in the air.

The very year—1937—that Japan opened war on China our exports of scrap iron and steel amounted to 2,081,037 tons, or enough material to build 20 battleships of 45,000 tons each, 200 submarines of 2,400 tons each, 10 aircraft carriers at 30,000 tons each, and 26 cruisers at 15,000 tons each. If Japan is not fully armed for a long war, it is not for lack of steel and other products that go into battleships, submarines, cruisers, and airplanes, because the materials were abundantly supplied by the United States.

We have mentioned the amount exported to Japan in 1937, and what its conversion meant in building up her fighting machine. But let us see what happened in the year 1938. There was exported from this country to Japan in 1938 a tonnage of scrap iron and steel amounting to 1,365,721 tons, and 97,713 tons of steel ingots, blooms, and so forth. It required a larger tonnage of war material in 1939 to appease Japan, for there was exported from the United States to Japan that year 2,035,000 tons of scrap iron and steel, and also 144,000 tons of steel ingots and blooms.

The shipments were less in 1940, but only because our supply of scrap iron was being depleted. Yet, as the result of the extraordinary effort made by American junk dealers, there was shipped to Japan during 1940 scrap iron and steel amounting to 963,000 tons, and in addition to this some 285,000 tons of steel ingots and blooms.

While this export program toward Japan exhausted our supply of material with which to make steel for our own defense, it armed her to strike her dastardly blow at Pearl Harbor. The shortage of scrap iron in the United States became so critical that the State Department came before the Ways and Means Committee with a bill to remove the duty on scrap iron imported into this country. It seems that we have had to send junkmen to Central and South America and to the islands in the Caribbean to buy scrap iron to replace the scrap iron and steel we shipped to Japan, and the removal of the import duty was

requested to reduce the cost to the Government of these foreign purchases of scrap iron. The scrap iron and steel that was shipped from the United States to Japan in 1940 would have been sufficient to build 520 United States submarines of 2,400 tons each, a fleet that would have given us control of the Atlantic Ocean.

Thus the policy of appeasement employed by this administration, has proved to be ghastly in its consequences; for it has enabled Japan to prepare herself to strike her treacherous and deadly blow at Pearl Harbor. It has enabled her to butcher our forces in Midway, Bataan, and Corregidor, and to sink our ships.

More than this, the policy did not stop with furnishing Japan with the material to build her navy, her air force, and her tanks. There was also exported to Japan from the United States during the year 1937 aircraft and parts valued at \$2,483,946; and the next year, 1938, we exported to Japan aircraft and parts valued at \$11,062,777; in 1939 aircraft and parts valued at \$3,306,000; and in 1940 aircraft and parts valued at \$933,000.

During these same years we also exported to Japan petroleum valued at \$219,856,062, with which to operate her war machine. It is interesting to note that of this vast shipment of petroleum 555,456 barrels of it was aviation gasoline, which was supplied in 1939. The next year, 1940, we shipped to Japan 776,499 barrels of high-grade aviation gasoline. The extent to which the appeasers went in arming Japan, in violation of public sentiment and of congressional protest, is disclosed by the official figures relating to the shipment of cotton, aviation gasoline, iron and steel scrap, steel ingots, blooms, tin plate, tin scrap, refined copper, scrap copper, motor trucks, aircraft and parts, ammunition, and machine tools.

The time came when our own country was so short of war material, especially steel scrap, that the State Department came before the Ways and Means Committee urging a reduction in tariff rates in order to import scrap iron from the Caribbean islands, Central America, and South America to make up for the 8,000,000 tons of scrap iron shortage caused by exports of this essential war material to Japan.

One contribution, if not the greatest contribution in a material way to our national security, is our protected market. It has been responsible for establishing the most efficient industrial system in the world. Furthermore, our tariff system has lifted our standard of living, created opportunities for the men and women in every walk of life, and provided other manifold blessings which makes this land of America the envy as well as the hope of the downtrodden millions of other countries. There are not enough ships on the globe to convey the persons who would, if they could, come to this country, where under protection they could rise from serfdom to the stature of free men and women.

This is no time to permit a group of bureaucrats from the State Department to enter into secret agreements secretly arrived at to barter away the security of

our free-enterprise system. I do not believe in delegating the power of life and death over any segment of our economy to a group of free-trade bureaucrats. To do so is to betray industry, agriculture, and labor. The fact that S. 814, an act to provide support for wool in order to save an agricultural industry essential to our economy and our national security from destruction by threatened imports of foreign wool is fair notice of the danger which the future holds for the farmers, unless they are protected. Why this hysteria on the part of Secretary William Clayton because Congress is taking action to save an industry from ruin? Is he here to protect Great Britain in her effort to ship wool into our market, when our market is already glutted with 400,000,000 pounds of wool? For whom is Secretary Clayton speaking, surely not for this country when he opposes Congress in its endeavor to save our own agricultural economy.

I shall at this point quote a statement made by Mr. Clayton about a month ago in Geneva. It is difficult to reconcile some of the statements attributed to him on the floor today with these two statements from the newspapers:

QUOTE I

It is already clear that the Geneva meeting is going to produce, from the standpoint of the American delegates and the American people, several delicate problems. One of these involves the granting of tariff concessions immediately by this country in return for promises on the part of other signatories of future concessions. The United States, as it happens, is the only major industrial nation that is currently exporting more than it imports. Most nations consider themselves too weak to give up their trade restrictions at the present time. American concessions would take the form of early reductions in tariffs on imported agricultural and manufactured goods. Other countries, in return, would be expected to agree to lower their own trade barriers correspondingly as soon as their external trade reached something approximating a state of balance. (Source: New York Times, May 19, 1947, the Geneva Trade Conference.)

QUOTE II

It is not the fault of our customs barriers if our imports only represent half of our exports. It is because foreign producers are not yet up to increasing their deliveries. (Source: Journal de Geneve, Switzerland, April 18, 1947.)

I do not propose to turn against the farmers, who in cultivating the soil, have struggled against the tide of the unwise free trade policy pursued by the political group fighting for the trade agreement program by which they hope to achieve their low-tariff objective. I believe in supporting by proper legislation, the living standards that have lifted us above the world level.

Mr. DAWSON of Utah. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. DAWSON of Utah. Mr. Chairman, American wool growers must be protected. American wool cannot compete in a free market against foreign

wool. Most important is the disparity in wage levels between the United States and other wool-producing countries. The climatic and range conditions are reasons for a higher cost. Production of food and fiber through sheep is for the benefit and happiness of humanity.

Prior to, during, and immediately following World War II foreign wool under tariff rates provided by the Tariff Act of 1930 has been imported into the United States by tremendous volumes and at approximately 15 to 20 percent lower prices than the protected price which the producer received under the purchase program of the Commodity Credit Corporation. This has resulted in a substantial accumulation of domestic wools.

Importations of apparel wool, less wool reexported, has continued to increase from 13,343,000 pounds in 1932 to a peak of 819,253,000 pounds in 1946. The consumption of foreign wool has likewise increased from a ratio of 5 percent of the total consumption in 1932 to a peak of 80 percent in 1946. It is apparent from these facts that there is need for a program.

While a foreign product has been encouraged in the volume above indicated, wool production and sheep numbers have continued to decline from a total production of shorn wool in 1932 of in excess of 350,000,000 pounds to an estimated production in 1946 of less than 300,000,000 pounds.

The producing countries of the United Kingdom of Great Britain have formed a joint control for the liquidation of the present surplus of wool. Thus, unless some long-term protective marketing program is established in the United States, the domestic wool producer will be forced to compete with the United Kingdom of Great Britain and her wool-producing countries. Such competition would be extremely embarrassing to the producer of wool in the United States.

The wool growing industry of the State of Utah is the most important division of agriculture and a necessary enterprise in the utilization of the acreage within the borders of the State.

In Utah most of the land is suited for grazing. In fact 87 percent of the area is used for this purpose. Mountain, forest, and desert lands are all used for grazing. The limited cultivated crops are offset by the extensive sheep and livestock industry made possible by the large grazing area throughout the State.

Agriculture has more persons gainfully employed than any other industry. The State of Utah is second in America in the production of Rambouillet sheep, fifth in the production of wool, and seventh in the value of sheep and lambs.

Utah contains about 52,597,760 acres of land. There is less than 3 percent of the area of the State under irrigation and less than 1 percent in dry farms. The total potential acreage subject to cultivation and irrigation is less than 5 percent. In other words, 95 percent of the State of Utah must be and is used primarily for livestock.

The United States Census of Agriculture in the latest figures available, 1935, sheep on farms and ranges, lists, 6,417 farms with 2,452,196 head of sheep. With

an average of four persons to the farm a total population of 25,668 derive all or part of their livelihood from wool growing. You can therefore understand its importance to the State.

The prewar wool growing industry of Utah passed through a period during which there was little or no profit. A study of wool growers outfits which survived and are therefor what might be termed the successful operators, doing business in the section where supplemental feed generally is not required, shows that at the beginning of 1932 their average loan basis was \$3.87, and that the average loan basis of these same outfits in 1936 was \$4.38, indicating that 51 cents per head of their capital had been absorbed in losses. This does not include supplemental feed loans. The same outfits had an average cost of operation, not including replacements or any return on their investment, of \$2.88, whereas the average annual gross proceeds was \$2.84, an average annual loss during the 4-year period of 4 cents per head. It is apparent from these studies that a satisfactory wool market must be had for the product and that no concession can be allowed in the price of wool.

Evidence that the wool manufacturers of the United States could not, neither would they consume the domestic clip if concessions were made in the 1930 tariff on wool articles, is revealed in the importations of manufactured goods containing all or part wool. The United Kingdom is and has been importing into the United States articles manufactured in whole or part of wool under the tariff provisions of 1930, indicating that even the present tariff provisions are not adequate to protect the American manufacturer, and as indicated before with the American manufacturer out of the picture we would have no market to absorb the domestic clip. With a limited market for the domestic wool production, the wool industry would decline rapidly. In case of another war it would be difficult to secure wool in the interest of national defense. This has been the experience of every country that has been deficient in its wool production.

It is therefore very evident that the wool industry, as well as the woolen manufacturing industry, should receive sufficient protection so that they may continue as thriving industries.

Mr. GILLIE. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GILLIE. Mr. Chairman, one of the leading authorities in Congress on the wool problem, now under discussion, is the gentleman from Colorado, WILLIAM S. HILL, a member of the House Committee on Agriculture. Mr. HILL comes from a section of the country which is vitally interested in the passage of the wool bill in the form recommended by the committee.

A few days ago I received a letter from Mr. HILL outlining the problem confronting the wool industry and recommending a program of action to cope with the situation. Under leave granted to ex-

tend my remarks in the RECORD, I include Mr. HILL's letter in full:

WASHINGTON, D. C., May 21, 1947.

HON. GEORGE W. GILLIE,
Member of Congress,
Washington, D. C.

DEAR COLLEAGUE: I will appreciate it deeply if you will take a few moments to review the wool bill. This is the situation in a nutshell.

Livestock is the basic industry of the West. The sheep industry is important in many States, but in Texas and in the 12 Western States it is of vital importance. Grass is the main crop harvested from 90 percent of the West's 800,000,000 acres. Thirty million head of sheep are presently grazing on the western ranges and daily gathering the products of the soil and processing them for utilization. The economy of 200 counties in the West can be maintained only by a stable and prosperous livestock industry.

The Department of Agriculture reports show that the stock sheep population of this country has dropped from 49,807,000 in 1942 to 32,542,000 head today. This represents a reduction of 35 percent. Our sheep population is the lowest in 50 years.

The Department of Agriculture reports that the production of wool has dropped from 459,073,000 pounds in 1942 to 300,000,000 pounds today, and that is a reduction of 35 percent.

The main reason for the decline in sheep population is due to the low price of wool.

In my own State of Indiana, the sheep population was reduced from 701,000 to 452,000. A two and one-half million industry was reduced to a one and one-half million dollar industry.

A report by the United States Tariff Commission after an extended study of the sheep industry shows that the wool growers of this country lost 9½ cents on every pound of wool produced in 1946 and a somewhat higher figure in the two preceding years. The report further shows that the wool growers sustained a loss of \$1.18 per head of sheep in 1946 and a somewhat higher figure for the two preceding years.

These statements are significant in the light of the finding of the Army and Navy Munitions Board that wool is a strategic and critical material necessary for the security of the Nation.

The day after Pearl Harbor, the United States froze the price of domestic wool at the OPA ceiling price. The price has remained the same during the war or to the present time and there will be no increase under the bill.

While the price of domestic wool has remained fixed from Pearl Harbor to date, it is true that from September 15, 1941, to Pearl Harbor, wool prices increased 13.2 percent. Accordingly, since September 15, 1941, to September 15, 1946, wool prices increased 13.2 percent, but 24 principal agricultural commodities increased an average of 91 percent during that same period. It has been contended that wool is selling at an all-time high. But the facts show that the 1946 Boston price of fine-combing wool was 34 percent less than the 1920 price, 18 percent less than the price in 1923 and 1924 and 8 percent less than the average price from 1922 to 1928, inclusive. Most of the western wools are fine-combing wool. This fact is significant in the light of the Tariff Commission's study, which shows that the operating expenses of the sheep industry have increased 66 percent from 1941 to 1946.

Great Britain, with her dominions, produces most of the world's supply of wool. At the war's end, faced with a tremendous stock pile of wool, they formed the joint organization (JO) in order to protect their wool industry by an orderly liquidation of their stock pile of over 2,000,000,000 pounds. The joint organization controls 85 percent

of the world's apparel wool supply, and it has the power to lower prices at will.

During 1946 over 1,000,000,000 pounds of wool was consumed in this country. More than 80 percent of it was foreign wool. Last year 819,253,000 pounds of foreign wool was imported into this country. During that year and as of today the Commodity Credit Corporation has a stock pile of around 450,000,000 pounds of wool. Foreign producers dumped their products on the American market, because domestic producers are wholly unable to compete with low-cost producing countries. The Commodity Credit Corporation is prohibited by law from selling at less than parity. This restriction must be removed, so that the United States can dispose of its stock pile while wool consumption is high.

After Pearl Harbor, the United States paid transportation, insurance and storage on 500,000,000 pounds of Australian wool in order to assist Great Britain in having a supply available in this country, in the event the sea lines to Australia were cut off. Later on, the United States purchased 300,000,000 pounds of wool from Great Britain and it was sold on the American market. Because of this situation, and in order to stabilize the domestic sheep industry the Government instituted the purchase program and assured the growers that the program would be extended for 2 years after the termination of hostilities.

The bill reported out by the Committee on Agriculture of the House provides:

1. That the Commodity Credit Corporation will continue its purchase program until December 31, 1948, at the 1946 price, which, as I have indicated, has not changed since Pearl Harbor. That price is less than parity.

2. It authorizes the Commodity Credit Corporation to sell its wool at competitive prices with foreign wool. This will enable the United States to dispose of its stock pile.

3. Amend existing law by adding wool to other commodities under section 22 of the AAA act and thus provide that if imports of foreign wool tend to materially interfere with the wool program, the President may require the tariff commission to make a study and after a hearing if the President finds such to be the fact, he is required to impose such fees on imports as may be necessary to correct the situation.

I am convinced that the provisions of the wool bill are sound and necessary to provide for the sale of the Government stock pile and in order to protect the American sheep industry from further liquidation. The bill will come up tomorrow and if you can give us a lift it will be appreciated.

Yours very truly,

WILLIAM S. HILL,
Member of Congress,
Second District, Colorado.

Mr. MURRAY of Wisconsin. Mr. Chairman, I ask unanimous consent that my colleague the gentleman from Wisconsin [Mr. HULL] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HULL. Mr. Chairman, the issue here seems to be whether or not we shall sacrifice the great sheep-raising industry in order to add to the profits of world-trade manipulators. I am not in favor of such sacrifice. Our farmers did a wonderful job toward winning the war. Three years ago, the slogan "Food will win the war" was plastered far and wide in the press and on the billboards. Our farmers responded and provided both food and fiber, and also furnished millions of men to the armed forces and to

industry to make victory certain. Now come the money masters in world trade making their demands that Congress shall contribute to the downfall of agriculture in return for what our farmers accomplished. Congress should act promptly to thwart such a program.

In 1942, we had over 49,000,000 sheep producing over 459,000,000 pounds of wool. Those flocks also produced billions of pounds of wholesome meats annually for our armed forces and our civilian population. Under ceiling prices and foreign competition, our sheep population has been reduced to 32,000,000 head, and our wool production to less than 300,000,000 pounds. Our meat supply has been reduced in like ratio. And the end is not yet. With wool prices below cost of production every farmer and ranchman is selling his wool at a loss. But for the CCC and its purchases of 460,000,000 pounds, the losses would have been so great that every sheep raiser would have been compelled to sell his flocks at even more demoralizing prices. Wool growers sustained a loss of \$1.18 per head in 1946.

We have had an antimonopoly law in this country since 1890. There has been a lack of enforcement which occasions criticism, but the law stands as the policy of Congress and the country. Were any combination to be formed in our own country to control 85 percent of any commodity and manipulate prices and markets, it would be subject to immediate prosecution. It would be a conspiracy in restraint of trade.

The war had not ended before a world cartel was organized to control 85 percent of the world's supply of wool. It came into being in Britain, which, with its dominions, had a stock pile of 3,000,000,000 pounds of wool. It is known as the joint organization. It has the power to fix wool prices at will. Whence came the money for its enormous capitalization is not stated. Whether the funds came from Britain or from the lavish grants and loans made by Congress to Britain, funds drawn from our own Federal Treasury, is not easily ascertainable.

The joint organization's 3,000,000,000 pounds of wool came principally from Australia, New Zealand, South Africa, all countries in which wool is produced at less than half its cost on our own farms and ranches. They are countries of mild climate and cheaper feed and pasture costs. Australia and New Zealand can and do ship their wools to our own ports and markets at less cost than that of getting our wools from farm to market. So great is the difference in cost of wool production at home and in these foreign lands that Congress fixed a tariff rate of 34 cents per pound on wool from abroad.

When the war came on, our country aided Britain and its dominions in stock piling wool from the countries in the Empire. Now the joint organization dominates the markets abroad and is in such great competition with our own production that in 1946 there were 819,000,000 pounds of wool imported mainly from the surplus in the control of that organization. That wool was bought at such low prices that the joint organization made enormous profits even when underselling our own wool for our own industries. It stands to make hundreds

of millions in profits on its stock pile and to continue such profits indefinitely in the future.

The Commodity Credit Corporation holds 480,000,000 pounds of our domestic wool bought from our sheep farmers at a support price. It is held in warehouses at large expense while our textile mills continue to buy and use the cheaper imported wool. Until Congress acts, our warehouses will continue to house the CCC stock pile, and the joint organization will pile up the wool supplies from the southern hemisphere and dominate our own as well as all other wool markets in the world.

Thus, our farmers and ranchmen are being forced out of business by a foreign monopoly. Whether or not that foreign monopoly is financed directly or indirectly by our own Government is an open question. In any event, a foreign cartel or monopoly which could not be organized nor exist in our own land because of our own antitrust statutes, harbors the selfish interests which are determined to ruin one of our greatest agricultural resources. Home-made monopolies have extorted billions from our farmers and stock raisers in spite of our laws, but Congress should not tolerate the encroachment of a huge foreign monopoly in our field. It should pass this bill, and then draft other legislation to protect our people from a form of aggression as dangerous as war to our own well-being.

The success and huge profits of the joint organization will not stop at the wool markets. Similar gigantic cartels are in process of organization to further control world markets for agricultural products. A large part of the surplus dairy products of Australia and New Zealand are alleged to be under contract to a British cartel, and Denmark and Holland are said to be fearful that their dairy products soon may fall under like controls. How far the decline in prices on butter and cheese in the Middle West may be due to such manipulation remains to be seen. Monopolies are a form of gangsterism which thrives on darkness and secrecy.

A large vote for the pending bill will be notice to the foreign manipulators that our people are waking up to the dangers which threaten us under the guise of world brotherhood and peace.

Mr. LEMKE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. Mr. Chairman, I shall vote for this bill. I voted against the original reciprocal trade agreement, and I voted against every extension of that act. I did this because I knew that it was not for the best interest of our Nation.

When the reciprocal trade agreement was first passed in 1934 I stated that it was sponsored by the international bankers—those bankers who clip coupons from foreign bonds—and the international manufacturers. These two groups are interested in clipping coupons and selling manufactured products to foreign nations. This at the

expense of the American farmer and the American laborer.

These internationalists—these betrayers of their country and their country's honor—are more interested in getting the "almighty" dollar than they are in the welfare of their own people—their Nation. I came to this conclusion in 1934 because of the lobbying of this international group.

That group has made some converts. It has converted to its cause some of our globetrotters. I can assure you that these converts do not represent the farmers but do represent the State Department. They are used by that Department in its horse trading with foreign nations—in selling America short.

I know that I represent the overwhelming majority of farmers and laborers of this Nation when I state that I am in favor of this bill. Why should we make agriculture and labor the goat? Are not our farmers to be preferred to the land barons of Australia, Latin America, and other nations? Are not our laboring people to be preferred to the peon of Latin America or other nations? Are not our people as a whole to be preferred to a few international bankers and manufacturers?

We have heard a great deal about isolationism and isolationists. The truth is that these words are used by the internationalists and globetrotters to either conceal their own ignorance, or to remove suspicion that they are representing other interests than that of America.

We never were an isolated nation. We always chased the almighty dollar on every ocean and on every sea and in every land. On many occasions we meddled in affairs that were not ours. We were always a nation of the world—always interested in all nations.

Now we are told that we must become the guardian of the world, that we must surrender the substance of our Nation that belongs to unborn generations. This in the name of peace and Christianity. When did it ever become necessary for this Nation to buy or bribe other nations? Such a doctrine is not only lunacy, but an insult to our intelligence and our dignity. We are just beginning to get our wisdom teeth in our dealings with Russia.

I am not impressed with the argument that we must destroy ourselves in order to comply with the reciprocal-trade agreement. I am confident that that agreement is void. A trade agreement is a treaty, and any attempt to deprive the Senate of the power to advise and consent to such an agreement is in violation of the plain, English language of the Constitution. I expect to test the constitutionality of that act when the Supreme Court is unpacked.

In the meantime, let us develop our own trade. Let us buy American. A vote against this amendment is a vote for Australian, Latin-American, and other nations' wool. A vote for the amendment and for this bill is a vote for America—a vote for the American producer. This issue will be drawn more clearly as time goes on.

Let us remember that 94 percent of our trade is with ourselves. Our bound-

any line to this 94 percent is the Atlantic on the east, the Pacific on the west, the Canadian boundary on the north, and the Gulf of Mexico and Mexico on the south. Out of the 6 percent of foreign trade, between 2 or 3 percent consists of trading in international money and credit—stock and bonds.

Why should we give part of our domestic agricultural market away so that the international banker can collect on stock and bonds, and the international manufacturer sell his wares at the expense of the American farmer—at the expense of the American taxpayers?

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. HARNES of Indiana, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, S. 814, pursuant to House Resolution 214, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. FOGARTY) there were—ayes 151, noes 65.

Mr. FOGARTY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the bill was passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to include as a part of his remarks certain facts, tables, and figures.

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article by Sumner Welles. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$159.75, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. BUFFETT asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include editorial material.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. JENNINGS asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include certain statistics.

GENERAL LEAVE TO EXTEND REMARKS

Mr. HOPE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed, including those who have spoken on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

COMMITTEE ON THE ARMED SERVICES

Mr. HESS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have permission to sit during the session of the House on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1948

Mr. DIRKSEN, from the Committee on Appropriations, reported the bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes (Rept. No. 450), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. RAYBURN reserved all points of order on the bill.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. SABATH asked and was given permission to extend his remarks in the RECORD and include certain telegrams he received from the president of the stock exchange and his reply thereto, and other letters and correspondence in connection with short selling.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WORLEY (at the request of Mr. RAYBURN), indefinitely, on account of death in the family.

WILLIAM THOMPSON SANSON

The SPEAKER laid before the House the following request:

MAY 23, 1947.

Mr. KILDAY requests, pursuant to rule XXXVIII, leave to withdraw from the files of the House papers in the case of H. R. 1549, for the relief of William Thompson Sanson, Seventy-ninth Congress, no adverse report having been filed thereon.

The SPEAKER. Without objection, the request is granted.

There was no objection.

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania (Mr. EBERHARTER) is recognized for 15 minutes.

POLITICAL BANKRUPTCY OF THE REPUBLICAN PARTY

Mr. EBERHARTER. Mr. Speaker, Mr. Carroll Reece, chairman of the Re-

publican National Committee, vividly demonstrated last week end the political bankruptcy of the Republican Party. In a statement sent to 10,000 party officials and leaders throughout the country, Mr. Reece blamed the Democratic Party for current high prices. And, he charged, "the administration is determined to keep prices high in the hope of reaping political advantages."

This accusation by the ranking authorized Republican spokesman is reminiscent of the little boy who tossed the brick through the plate-glass window and then blamed the neighbor lad who had tugged at his arm trying to keep him from doing it. Mr. Reece obviously is frightened over public reaction to the run-away price inflation since he and his party killed OPA. He might, perhaps, under the circumstances, be excused if he tried merely to befuddle the people by asking, "Who killed cock robin?" But it is certainly with ill grace that he now blames President Truman for cock robin OPA's demise.

Such silliness has already been properly labeled an insult to the intelligence of the American electorate. Even the Washington Star, which has never shown signs of a proadministration bias, compares the Republican chairman's comments with the flights of fancy of young men in the spring who lightly turn to thoughts of love. The Star editorialized on last Monday that "it is inconceivable that the voters will be fooled by any of this seasonal nonsense."

No, Mr. Speaker, the voters have not forgotten—nor will they soon forget. It is not by accident that the program of the Republican Party to end price controls coincided with the \$200,000 advertising spree just a year ago by the National Association of Manufacturers against OPA. Historically, the NAM and the Republican Party see eye to eye, and it has always been true, Mr. Speaker, that the Democratic Party has in the Congress and in the Presidency—in the State legislatures and in the city councils—represented the interests of all the people as against the special interests of the few. No—the housewife who is trying to make ends meet for milk and shoes for the children after paying the rent knows that the family pay check is not what it was a year ago. The workingmen—the school teachers, the store clerks, the truck drivers will not forget these Republican NAM advertised assurances:

Remove price controls on manufactured goods and production will step up fast. Goods will pour into the market and within a reasonable time prices will adjust themselves naturally—as they always have—in line with the real worth of things. Competition has never failed to produce this result. This is the way you can get the goods you want at the prices you can afford to pay.

Now, Mr. Speaker, have not we waited a reasonable time? How much longer must the working people of this country wait and suffer from this profiteering and greed? It now appears that the Republican Party leadership has abandoned its assurances. But instead of a legislative program to rectify their horrible mistake—if such deliberate action can be excused as a mistake—they heap abuse upon the President. But the people cannot forget, they will not forget,

if I have anything to do and say about it, that Harry Truman vetoed one price-control bill because of its crippling amendments; that he reluctantly signed another because it was the best bill he could get; and that finally, under public pressure generated by ill-advised Republican campaign promises, he felt obliged to abandon his struggles to preserve price controls.

Nor will the people forget in 1948 how the President, after the end of OPA, continued the fight against inflation. The people know about his recommendations for voluntary price reductions, and his courageous opposition to tax reduction until the inflationary dangers have subsided. They know that he favors continuation of effective rent controls, and that the Federal budget he submitted to the Congress was the minimum below which a reduction means the impairment of essential Government services. They know where he stands on housing and health insurance and minimum wages.

But the public also knows, Mr. Speaker, the record of the Republican majority in this Eightieth Congress. And Mr. Reece knows that the public knows—and it is no wonder that he is worried. Shall we briefly review the record?

First, take rent control. For weeks the majority leadership debated whether to legislate a flat rent increase of 10 to 15 percent before proceeding to disguise their intentions to kill effective rent control by passing an extension bill so bad that long-time supporters of OPA voted against the legislation in the House. And the Republican strategy is reported to be to withhold Senate action until too late for the President to do anything but approve the bill. This, of course, is in line with their strategy for killing OPA last year.

Second, consider the Knutson tax-reduction bill. The President advised that now is not the time for cutting taxes. The Republicans, however, ran true to form by continuing the wartime rates for excise taxes, which fall heaviest on those least able to pay, and by reducing income taxes in such a manner as to provide a windfall to the rich. Even if inflationary threats were past, and the budget balanced with a substantial payment on the public debt assured, H. R. 1, as railroaded through the Ways and Means Committee by the majority, is a monstrous example of tax relief, not for the needy, but for the greedy.

Can the 45,000,000 taxpayers with incomes below \$5,000 be expected to tolerate a tax bill which increases the take-home pay after taxes of the \$300,000 man by 70 percent, but increases their own take-home pay by less than 4 percent? I am sure the more than 3,000,000 taxpayers in the State of Pennsylvania with incomes of less than \$5,000 who receive their 5 percent are not going to be very friendly toward a party that provided their 68 neighbor Keystone-Staters having incomes over \$300,000 with a generous 70 percent.

No, Mr. Speaker, the taxpayers will be heard from in 1948.

Third, this Republican Congress cannot refute the charge of gross neglect in failing to report a legislative budget for Federal receipts and expenditures for

1948. The debauchery of the Legislative Reorganization Act has resulted in the most reckless and ill-informed slashes of appropriation requests for the executive departments. The President's Bureau of the Budget already had reduced appropriation requests considered essential by department heads by some seven billion dollars, yet the House and Senate proceeded without consideration of fiscal requirements to vote for a legislative budget four and one-half to six billion dollars below the requested \$37,500,000,000. The Republican leaders now realize, of course, that neither of these figures can be attained, for the conference committee on the legislative budget has met only once in the nearly 3 months since the conferees were appointed.

As if these dilatory tactics in defiance of the Legislative Reorganization Act were not enough, Mr. Speaker, the majority have made almost as many illusory paper reductions as they have actual cuts in the President's budget.

The \$800,000,000 cut in Treasury estimates for tax refunds is not on the square, because overpaid taxpayers have a legal claim against the Government for the amounts overpaid. Another typical example is the disclosure reported in today's papers that an item for \$641,832,000 for the Commodity Credit Corporation, requested by the President for 1948, has been charged by the majority against the current fiscal year. So by fair means or foul—and more foul than fair—the Republicans are striving for a reputation of economy. But these tactics are just as obvious as they are smooth, and the people will not be deceived.

Finally, let me refer to three prize misstatements by Mr. Reece in his letter to the Republican leaders. He accuses the administration of:

First. Incurable addiction to deficit financing. Now everyone knows that President Truman has balanced the budget for 1947, and the he will do the same in 1948 if the majority will only stop its headlong dash to reduce revenues in this period of highest national income in our history.

If we cannot balance the budget and begin debt retirement now, when on earth will we be able to do it? No, Mr. Speaker, the disease, if any, seems to be on the other side of the aisle.

Second. A reckless and ill-timed Government program for buying food for foreign relief. Unfortunately starvation and hunger do not respect marketing trends. If the foreign-relief bill recently passed by the Congress with Republican support is now repudiated by Mr. Reece, I might suggest that he get in tune with the statesmen within his own party.

Third. A political approach to labor-management relations. Mr. Speaker, if ever I have seen a political approach to labor-management relations, it is the Hartley bill drafted by outside lawyers in the hire of the chamber of commerce and manufacturers associations, beyond the reach even of the Democratic Members of the Committee on Labor. This bill will do more to create strife and discontent in the ranks of labor than any law ever passed by the Congress, and will only reduce productivity and thereby create scarcity and higher prices.

Mr. Reece charges that these fantastic assertions are proof that the President is making a drive to keep up high prices. Any sane man, Mr. Speaker, knows this is not true. The only conclusion to be drawn from this exhibition of Mr. Reece is, as suggested by the Washington Star, that the spring has affected somewhat the mentality of the Republican national chairman. If the Republican leadership in Congress and throughout the country does not repudiate the national chairman, it will be good evidence that this mental disease has become an epidemic of political degeneracy throughout the party.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. That is our former colleague, Carroll Reece, who is now the chairman of the Republican National Committee, that the gentleman is referring to?

Mr. EBERHARTER. That is correct.

Mr. McCORMACK. Who in a statement he made the other day put the blame on President Truman for the tremendous increase in the cost of living?

Mr. EBERHARTER. Exactly. That is the very same man.

Mr. McCORMACK. Why, that was politically insane. Then, just a few days before that he made a statement in which he called every labor leader a radical, including Bill Green; that is, he did not mention him by name, but he did not make any exceptions. He called every labor leader a radical, and that included Bill Green and even Bill Hutchison, who has been one of the bulwarks of the Republican Party. It includes them all.

Mr. EBERHARTER. I am just wondering if the Republican Members of the House and the Republican Members of the other body agree with Mr. Reece's statement. I have not heard anybody come up here and deny it.

The SPEAKER pro tempore (Mr. CASE of South Dakota). Under special order heretofore entered, the gentleman from California [Mr. HOLIFIELD] is recognized for 30 minutes.

THE PRICE SITUATION AND OUR ECONOMIC FUTURE

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to include in my remarks at certain points some scales of figures.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, the present picture represents a critical stage in postwar economic development, a situation which we must appreciate and attempt to control.

First. The price structure:

(a) Price rises since 1939—United States News of April 25, 1947, page 29—retail:

	Percent
Food.....	95
House construction.....	84
Men's suits.....	72
Automobiles.....	56

(b) Wholesale prices in general—United States News of April 4, 1947, page 13:

	Nonfarm commodities	Farm products and food
August 1939 to June 1946 (7 war years)	Percent +36	Percent +64
June 1946 to April 1947 (9 months following the scalping of OPA)	+44	+48

Spot items—wholesale—increase from June 1946 to April 1947—United States News, April 4, 1947, page 13; The Price Situation, Congress of Industrial Organizations, page 3:

	Percent
Paint	66
Meat	83
Lumber	50
Drugs	67
Leather	63
Wheat	38
Hogs	94
Lard	121
Coffee	107
Steel scrap	100

(c) The misconception is that Government support prices have contributed to this situation.

Items covered by Government agreements to support agricultural prices at 90 percent of parity

	Support price (90 percent of parity price)	Present price
Hogs—100 pounds	\$15.60	\$25.40
Wheat—bushel	1.82	2.35
Eggs—dozen	.37	.40
Milk—100 pounds	3.25	4.10
Butterfat—pound	.55	.60

Potatoes are the only commodity presently being supported by the Government—at a cost of \$80,000,000. Much of the blame for this can be laid to the Congress. If wheat and bread had been rationed after the war, more wheat would have been available to the Government at reasonable prices for shipment to devastated areas abroad and more potatoes would have been consumed domestically—United States News of May 5, 1947, page 13; Marquis Childs, Washington Post, April 17, 1947.

Second. The profit structure:

(a) Much talk about exorbitant corporate profits at the present time. During 1946 total corporate profits after taxes amounted to \$12,000,000,000, 20 percent above the highest wartime yield.

Approximately \$4,000,000,000 of this figure represents carry-back payments from the Government to cover the cost of reconversion. This figure is also affected by the repeal of the excess-profits tax—85 percent—in January of 1946. The present tax rate on corporate profits is 38 percent. Data on Profit and Wages, page 3; CIO Economic Outlook, an article entitled "Why Wages Must Be Raised," page 2.

(b) Nevertheless, profits after taxes in the first quarter of 1947 were running at a rate of \$16,000,000,000 annually which represents a return of approximately 10 percent on net worth—National City Bank monthly letter on economic conditions and Government finance, page 46.

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The period of 1927–29 showed profits on only 8 percent of net worth. It seems clear that this is a higher return than can be borne in a steady-state condition. The best possible steady return on net worth is probably something close to 7 percent.

(c) The aspect of this profit figure which is most disrupting is the fact that only two-fifths of it is being distributed as dividends. The remainder, three-fifths, is being held in funds, partly for future plant expansion, partly as a reserve for the next depression, and partly for distribution when the income taxes are lowered. It is the creation of these funds which threatens to choke off our economic life. The phenomenon is a cumulative one—United States News, April 4, 1947, page 11.

(d) Instances of high profits in certain industries—developed from National City Bank monthly letter on economic conditions and Government finance, April 1947, page 46:

Industry	Percent increase in profits after taxes, 1945 to 1946	Percent return on net worth
Baking	209	21.8
Meat packing	202	10.8
Distilling	251	42.1
Cotton goods	358	27.1
Silk and rayon	296	24.5
Woolen goods	253	25.2
Hosiery, knitted goods	252	28.2
Other textiles	232	20.8
Clothing and apparel	238	23.3
Tires, rubber products	204	20.6
Lumber	222	14.1
Pulp and paper products	231	14.4
Cement	371	9.7
Chain stores:		
Food	217	18.6
Other	202	23.0
Department stores	208	20.8
Mail-order houses	261	25.6
Miscellaneous and wholesale	203	20.2
Shipping	230	15.3

Third. The wage structure:

(a) Compensation of employees as a group declined from \$114,500,000,000 in

1945 to \$109,800,000,000 in 1946, while the net income of corporations and proprietors, including farmers, and receipts from interest and net rents, went up from \$46,400,000,000 in 1945 to \$55,200,000,000 in 1946, and \$12,000,000,000 of this was clear profit—Data on Labor and Wages, pages 6 and 7. Labor's share of the national income shrank.

(b) There is much talk at the present time about wages being exorbitantly high, but although average hourly earnings have increased steadily during the war and since—66 cents per hour in 1940, \$1.13 per hour in October 1946—weekly take-home pay for the average worker in manufacturing industries has declined from a high of \$47.50 in January 1945, to the present level of \$46.40. This drop has been the result of the reduction of the standard workweek from 45 to 40 hours in the summer of 1945 and the loss of overtime pay—The Economic Report of the President, pages 47 and 48; United States News of April 18, 1947, page 27.

(c) A study conducted by the Heller committee of the University of California in March 1945 revealed that a family of four required an annual income of \$3,075 to maintain minimum standards of health and decency. If this figure is adjusted for the rise in the cost of living since that time, one arrives at the present requirement for an annual income of \$3,545 or a weekly income of \$68.19. Compare this with the average weekly wage now prevailing—CIO Economic Outlook, page 6.

(d) Taking into account the rise in the cost of living, the real earnings of workers in nondurable lines have risen only 22.8 percent since 1939, and of workers in durable goods industries only 9 percent—United States News of April 25, 1947, page 14.

Fourth. A brief glance at the breakdown of national income in 1946—The Economic Report of the President, page 41:

TABLE II.—National income by distributive shares, 1929–46¹

[Billions of dollars]

Year	Total national income	Compensation of employees			Net income of proprietors			Interest and net rents	Net corporate profits after taxes		
		Total	Salaries and wages	Supplements	Total	Agricultural	Non-agricultural		Total	Dividends	Savings
1929	83.3	53.1	52.6	0.5	13.6	5.2	8.5	9.4	7.2	5.9	1.2
1930	68.9	48.2	47.6	.5	10.0	3.8	6.3	8.9	1.7	5.6	-3.9
1931	54.5	40.6	40.0	.6	7.3	2.4	4.8	8.2	-1.6	4.3	-5.8
1932	40.0	31.7	31.0	.6	4.8	1.5	3.4	7.1	-3.6	2.7	-6.4
1933	42.3	29.8	28.7	1.1	6.5	2.2	4.3	6.6	-6	2.2	-2.8
1934	49.5	34.5	32.6	1.9	7.5	2.7	4.9	6.9	.5	2.7	-2.1
1935	55.7	37.5	35.6	1.9	9.5	4.1	5.4	7.1	1.7	2.9	-1.3
1936	64.9	43.0	40.0	3.1	10.9	4.4	6.5	7.3	3.8	4.7	-9
1937	71.5	48.3	44.9	3.3	11.9	5.1	6.8	7.4	3.9	4.7	-8
1938	64.2	45.1	41.2	3.9	10.1	4.0	6.1	7.3	1.7	3.2	-1.5
1939	70.8	48.1	44.2	3.8	11.2	4.3	6.9	7.4	4.2	3.8	.4
1940	77.6	52.3	48.6	3.7	12.0	4.4	7.6	7.5	5.8	4.0	1.8
1941	96.9	64.5	60.8	3.7	15.8	6.3	9.6	8.0	8.5	4.5	4.0
1942	122.2	84.1	80.8	3.3	20.6	9.7	10.9	8.8	8.7	4.3	4.4
1943	149.4	106.3	103.1	3.2	23.5	11.9	11.6	9.7	9.8	4.3	5.5
1944	160.7	116.0	112.8	3.2	24.1	11.8	12.3	10.6	9.9	4.5	5.4
1945	161.0	114.5	111.4	3.1	25.6	12.5	13.1	11.8	9.0	4.5	4.5
1946 ²	164.0	109.0	106.0	3.0	30.0	15.0	15.0	13.0	12.0	5.0	7.0

¹ National income is the total net income earned in production by individuals or businesses. The concept of national income currently used differs from the concept of gross national product in excluding depreciation and depletion allowances and business taxes. A reconciliation between these two series and income payments is shown in Appendix A, table II, for 1939, 1944, and 1946.

² Estimates based on incomplete data.

NOTE.—Detail will not necessarily add to totals because of rounding.
Source: Department of Commerce.

THE LEGISLATIVE HISTORY OF THIS INFLATIONARY DEVELOPMENT

First. A year ago, when the question of extension of OPA was being considered by the Congress, many Members of the Republican group in this body—men whose economic prophecies have been refuted—availed themselves of the opportunity to do some economic forecasting in the CONGRESSIONAL RECORD.

The following quotations reveal their expectations concerning the effect of the removal of price controls.

April 17, 1946:

When price controls are ended, there will be confusion for a few months, whether it be now, next year, or some future year. But production will rapidly increase when controls are lifted, and the supply will rapidly come to equal the demand. Then confusion will end, prices will be stabilized, and production will be normal and sufficient. When this natural condition is reached, competition will keep prices stabilized on a reasonable basis.

June 25, 1946:

The only real remedy for the high cost of living, the only cure for inflation, is a return to a free economy; the noninterference of Government agencies with the operation of the law of supply and demand.

July 5, 1946:

I say that the Congress, if it wishes to preserve free enterprise, insure through it the highest standard of living at the lowest possible cost, cannot do so by fostering the OPA with its gestapo snoopers, kangaroo courts, and the black-market operators who are in league with and who are supporting this un-American dictatorial bureaucracy.

July 27, 1946:

Give our free economy an opportunity to function, unshackled, for a reasonable length of time and the old law of supply and demand will furnish us with plenty and at fair and reasonable prices.

Second. While on this point, I refer to the allegations of scarcities under the price-control system. I point out that there was irrefutable evidence of large-scale holding back of merchandise by producers in anticipation of the price rise which followed the forced removal of price controls.

Third. On January 8 of this year the President transmitted to the Congress, in keeping with the provisions of the Employment Act of 1946, a detailed and objective evaluation of the economic situation which confronted the Nation.

Attempting to suggest ways in which this situation might be effectively dealt with by means of legislation, he outlined a short-range program which included five main recommendations, recommendations carefully formulated by some of the best economic minds in the country.

(a) Prices and wages:

1. Extend rent controls.

2. Extend the coverage of the Fair Labor Standards Act and raise the minimum wage.

(b) Social security: 1. Raise the level of benefits.

(c) Housing: 1. Authorize a permanent, long-range housing program.

(d) Taxation: 1. Refrain from the unsound fiscal policy of reducing taxes at the present time.

(e) Labor-management relations—recommendations embodied in the Presi-

dent's state of the Union message of January 6, 1947:

1. Enact legislation to curb jurisdictional disputes and prevent some types of secondary boycotts.

2. Extend the facilities within the Department of Labor for assisting collective bargaining.

3. Broaden the program of social legislation by alleviating the causes of workers' insecurity.

4. Authorize the appointment of a temporary joint commission to inquire into the entire field of labor-management relations—the Economic Report of the President, pages 20 and 21.

All of these recommendations have a direct bearing upon the present picture of inflation.

According to the provisions of the Employment Act, the Joint Committee on the Economic Report made a report on January 31, 1947, in which it stated that these recommendations were too controversial to be treated at the time and that they would be dealt with by separate committees working in these fields. Since that time the joint committee has held hearings sporadically, but has contributed nothing of a constructive nature to the problem—Senate Report No. 11, page 2.

Let us look at the score to date. Of the five recommendations, one has been ignored effectively and the other four have been completely repudiated.

The detailed picture looks like this:

(a) Prices and wages:

1. Rent controls, although extended in name in the House bill just passed, have been effectively gutted.

2. Minimum wages and labor standards have been struck a heavy blow in the portal-to-portal pay bill recently passed by the House.

(b) Social security: This subject has been more or less ignored, except that there are ugly rumors about the effect that the social-security tax will not be permitted to rise from 1 to 2½ cents on the first of next January as Congress originally intended.

(c) Housing: Although the Wagner-Ellender-Taft bill was reported favorably out of committee by a slim majority in the other body, it is rumored that it will be ignored by the appropriate committee in the House. It can be considered as a dead duck in this session.

(d) Taxation: In direct contradiction of sound fiscal policy, a far-reaching tax reduction program has been adopted by the House, a program which extends mammoth benefits to the extremely wealthy at the expense of giving the low income taxpayers only moderate relief.

(e) Labor-management relations:

1. Hasty and drastic measures aimed at curbing labor's power have been adopted by the House, measures which attempt to resolve delicate and subtle working relationships by ill-considered and stringent restriction.

2. The Department of Labor, and particularly the Conciliation Service which specialized in improvement of the collective bargaining process, has been in effect emasculated by the action of the House with regard to its appropriation for next year.

3. Nothing appreciable has been accomplished toward increasing the security of the individual worker in our society, even though this hypothetical individual worker has been the hero of all attacks upon the union movement in this country.

4. Appointment of a temporary commission to give thorough and thoughtful consideration to labor-management problems has been ignored in the haste to restrict the bargaining position of the workingman.

Here, then, is the clear record of a congressional policy which flaunts short-sighted political expediency in the face of a remedial and beneficial economic program.

WHERE DO WE GO FROM HERE?

First. We are quite obviously moving into a recession. Forecasters in the Department of Commerce, the Department of Agriculture, the Civilian Production Administration, and the Bureau of Labor Statistics are agreed that there will be a decline in production and prices during the latter part of 1947. There seems to be general feeling that this will be a relatively minor and temporary phenomenon—Data on Wages and Profits, page 9.

The United States News attempts to outline the expectations in greater detail. It predicts drops in the level of economic activity throughout the country, as follows:

Measures of economic health:	Expected percent decline
Total industrial production.....	20
Civilian employment.....	8
(The unemployed group is expected to rise from 2.5 to about 6 million)	
Iron and steel production.....	20
Machinery production.....	32
Lumber production.....	12
Textiles production.....	24
Manufactured goods production.....	11
Paper and products production.....	21
Food products production.....	12
Rubber production.....	22
Chemicals production.....	10
Gasoline production.....	4

The United States News predicts that this bottom will occur early in 1948 but that it will be of short duration with production recovering during the latter half of the year. They describe it as a process of correction which will lead to an extended period of prosperity:

Profits won't be as encouraging at the bottom of the dip as at present, but the current rate of corporate earnings is sufficient to make 1947 a prosperous year as a whole (averaging 176 percent of the prewar level as compared with 170 percent in 1946) even if the downturn comes relatively soon. (United States News, May 9, 1947, pp. 11-14.)

Second. Now the United States News is not generally considered as a radical organ. What do they regard as the present supports which "appear certain to cushion the effects on any business decline?"

(a) Savings: Although savings expressed as a percentage of disposable income declined from 28 percent in 1944 to 9.5 percent in the fourth quarter of 1946, the consumer savings accumulated since 1940 total \$173,000,000,000. This reserve, located principally in the upper income brackets, will come into effect in the form of purchasing power as prices de-

cline.—The Economic Report of the President, page 13. On top of this there is a reserve of \$32,500,000,000 in undistributed corporate profits, accumulated since 1940, which can be expected to go into plant expansion as raw material prices are eased.—The Economic Report of the President, page 41. High-bracket income reserves and corporate reserves have only a limited function in the absorption of consumer goods.

(b) Consumer demand: There is sustained evidence of a pent-up demand for the durable manufactured goods which were so scarce during the war years. As the prices of these articles decline, the demand can be expected to provide a vigorous market. The automobile and construction industries will stand in a particularly favorable position in this respect, and the secondary effect of their demand for supplies will give life to a wide range of manufacturing and mining industries. The alarming drop in residential construction due to exorbitant prices challenges continuity of expenditures in this field.

(c) Government spending "is another factor that will support business activity. Federal spending is not likely to fall below \$33,000,000,000 in the fiscal year that begins July 1, 1948, and this means a wide Government market for goods. The Government is as effective a customer as any other buyer, and its demand is more stable than that of business firms or individuals."

(d) Exports "provide another support. Foreign countries this year will take at least \$12,000,000,000 worth of United States goods, ranging from grain and tobacco to machinery and movies. This amounts to about three times the wholesale value of the automobile industry's entire output."

(e) Social security "benefits will strengthen the buying power of the unemployed through unemployment and retirement insurance." It can be seen that the last three—Government spending, exports, and social security—of these cushioning effects are subject to the direct control of Congress. Intelligent and farsighted exercise of this control can determine the ease with which this price-adjustment period is met.

An impartial observer would be impressed with the fact that the control being exercised at the present time in two of these areas—Government spending as proposed in appropriations recommended for next year and export reduction as contemplated in current criticism of the proposed International Trade Organization—is neither intelligent nor farsighted.

Third. One aspect of the current situation which appears less encouraging than the United States News picture is the large expansion of commercial-bank loans since the end of the war.

Business loans expanded 33 percent in the last half of 1946.

Consumer loans increased by more than 50 percent during 1946.

Real-estate loans jumped more than 50 percent in 1946.

These trends, coupled with the rapid return of installment buying following the end of the war, are the raw materials of a credit bubble, the bursting of which

could compound the severity of the recession which confronts us. The degree of inflation of values, against which these credits are extended, will control the severity of the recession.

Fourth. During the past months there has been much screaming about the price situation.

The President, robbed by the Congress last summer of any effective implements for controlling prices, has offered a plea to business groups throughout the Nation to reduce their profit margins in the interest of the country's economic health; the so-called suasion method.

Business being what it is, and human beings acting as they do, this plea has fallen, with a few laudable exceptions, upon deaf ears.

Congress holds it in its power to put teeth into price reduction by the simple expedient of reinstating the 85-percent excess corporate profits tax which it so generously removed in January of 1946. Better than this, the tax could be applied with large-scale exemptions for corporate profits which are employed in plant expansion. In this way a premium would be placed upon greater production, greater employment and resulting lower prices.

It is pretty late in the game for such a measure. The horse has already been stolen. Nevertheless, it would still have a salutary effect upon the present price structure and would increase popular confidence in American business at large by recapturing from a small group of manufacturing and distributing companies the really exorbitant profits which they are presently enjoying.

Such an excess-profits tax would be politically unacceptable to Congress, however, in its present mood, and so we will have to stumble along without it. The scattered cases of piracy in the postwar market will continue unmolested. The exorbitant profits will continue to add to the inflationary pressure.

THE LONG-RUN PICTURE

Since it is generally assumed that the "recession" confronting us will be a short and mild one, let us look ahead at the following years.

The United States News sees a period of full production and general prosperity in the years following this adjustment—and then, "a postwar depression comparable to that following 1929 is improbable before sometime in the 1950's." The views of the United States News can probably be said to reflect fairly accurately the generally held opinion of American business on this question.

Gentlemen, my point is this: our country cannot afford another depression comparable to that of 1930 and 1931. Such a period of economic crisis would leave us prone to an authoritarian corrective program. The people of this country, afflicted by economic stagnation and resulting physical distress, might well be tempted to turn to a totalitarian program which would offer food and shelter in return for the sacrifice of democratic principles.

To illustrate this point, let me quote to you the last sentence of an editorial in the St. Louis Post-Dispatch of May 5:

As our economy is constituted, we have got to expect cyclical difficulties; if the diffi-

culties before us, however, approach in severity the deep depressions of the past, the people are going to demand some drastic changes in our system.

We are the only great Nation left which has not turned away from the free-enterprise system.

Here is where the danger to democracy lies, gentlemen, and we have the power to control that danger now. Rather than succumbing to short-run political and economic pressures, let us adopt a long-term corrective fiscal policy, a policy based on the experience which we gained in our attempts to recover from the last great depression. Many lessons in large-scale administration, some good and some bad, were learned from that phenomenon, and those lessons should be applied in the formulation of corrective measures to prevent the recurrence of such a disaster.

The President has embodied the results of comprehensive thought along these lines in the recommendations for a short-range and long-range program contained in his economic report to the Congress. I have attempted to show that we have, in effect, repudiated his short-range recommendations thus far. Let us reconsider our actions on these points as the bills concerned go into conference, giving further consideration to the economic issues involved and attempting to meet the situation intelligently.

In conclusion, let us analyze briefly the long-range recommendations in the President's report.

First. Efficient utilization of the labor force: The emphasis here must be placed upon increased productive efficiency—the largest single factor in the development of the present American standard of living—and intelligent use of a coordinated placement service. Arbitrary discrimination in employment, discrimination based upon irrational prejudices with regard to race, religion, and sex, must be actively discouraged.

Second. Maximum utilization of productive resources: The Government has a real responsibility here in providing assistance and intelligent advice, legally implemented, to private enterprise in order that the levels of employment, production, and purchasing power in this country may be kept both stable and high.

(a) Agriculture: Improvements in farming techniques and the mechanics of distribution make it possible, with long-range Government advice and encouragement, to maintain farm incomes at a decent level—avoiding an agricultural depression similar to that which followed the First World War—and to steadily improve on the American diet. The fundamental unit in this development must be the family-sized farm.

(b) Regional development: Here the problem is one of realizing the tremendous economic potential of regional programs in development of power and effective means of flood control and irrigation—such as the Central Valley project in California—in improvement of facilities for transportation by land, by inland waterway, and by air, and in farsighted management of public lands. Such programs can benefit the entire

Nation by promoting regional prosperity and, through sound community development, reviving stranded and depressed areas across the country. Appropriations for these purposes should be considered as capital investment rather than expenditures, as in most instances they are wealth producing and self liquidating.

(c) Federal-aid programs: These represent the financial manifestations of all programs for improvement of the country's resources, both natural and human. Through the grant-in-aid mechanism maximum reliance can be placed upon local autonomy in the construction and management of facilities for transportation, hydroelectric control, education, welfare, public health, and the like.

(d) Public works: The effect of Government construction activities upon the economic life of the Nation and their practicability as a cure-all for recessions can be overestimated, but the compensatory effect of such spending cannot be denied. A well-planned, long-term program of physical development, applied with an appreciation of the impending level of business activity, can contribute greatly toward stabilization of the private economy.

(e) Research and patents: Our increasing dependence upon technological development makes it imperative that the Government sponsor scientific research. Social gains can be realized from this sponsorship, both from the acquisition of more precise information concerning the nature of the social sciences and from intelligent and humane control of progress in the anti-social sciences. The passage of the national science bill a few days ago in the Senate is an important step forward. Action by the House should not be delayed.

Third. Encouragement of free-competitive enterprise:

We are at present the only great nation on earth that has not abandoned a system of free private enterprise. In order that the soundness of our judgment in relying on this system can be demonstrated, it is necessary that competition be kept really free. This freedom demands more than the simple payment of lip-service to the law of supply and demand.

(a) Enforcement of existing antitrust laws:

We are informed that concentration of the means of production in the hands of a relatively few giant corporations is proceeding at a rate hitherto unknown in our history. This disturbing movement, oiled by soothing phrases extolling the virtues of free competition, has accounted for the corporate acquisition of 1,833 mining and manufacturing firms in last 6 years. And we note with alarm that nearly three-fourths of this total have been swallowed up by corporations with individual assets of over \$5,000,000. One hundred and twenty of the 200 largest corporations in this country have bought up 27 percent of this total.

The best initial move to check this trend would be to provide increased appropriations for the Antitrust Division of the Department of Justice and the Federal Trade Commission and to extend section 7 of the Clayton Act in order to

prohibit mergers by the acquisitions of assets.

(b) Encouragement of small business: This sector of our economy, heart of the vital and traditional concept of commercial initiative, must be provided with all possible advantages in its formative stages. These advantages include the availability of long-term credit and equity capital, the provision of detailed information on markets and technical data by the Department of Commerce, and arrangement of favorable tax conditions—increased exemption on current profits when reinvested in plant expansion.

Fourth. Promoting welfare, health, and security:

What must be appreciated here is the fact that the Nation's economic health bears a direct relationship to the well-being and peace of mind of its citizens.

(a) Public health and education programs:

It is more economical to prepare people to earn a decent living than to care for them through relief. (The Economic Report of the President, p. 29.)

With adequate governmental provision for protection of health, increase in nutrition level, and popular education (both academic and vocational) the physical and mental vitality of the Nation becomes a tremendous economic asset. Remember, too, that the terrible complexity of modern life demands the highest possible level of education and intelligence among the citizens of a democracy. The President's recent message to Congress on health services and sickness compensation should be heeded.

(b) Social security: In order that the Nation's purchasing power may be sustained on a long-term basis and that insecurity in employment may be reduced to a minimum, it is necessary that the coverage of old-age and survivors' insurance be extended, that a comprehensive program of sickness and disability insurance be adopted, and that unemployment benefits be increased in duration and amount.

Do not be intimidated, gentleman, by violent and irrational criticism of the so-called cradle-to-grave philosophy. The age of the iron law of wages is drawing to a close. Governments that ignore social needs are forced into political oblivion by their desperate citizens.

Fifth. Cooperation in international economic relations:

A steady high level of international trade will be a vital component of extended prosperity in this country. The value of our exports in 1946 amounted to about \$15,000,000,000 military costs, commodity and credit exports, and we should attempt to keep our volume at or above this figure in the future, gradually bringing our foreign trade into balance with a growing volume of imports. Working through the International Trade Organization on commercial matters and through the International Monetary Fund and the International Bank for Reconstruction and Development on financial matters we can establish our foreign trade on a sound and dynamic basis, permitting our economy to concentrate to a moderate degree upon the exportation of those commodities which we can

produce with the greatest efficiency. Mutually beneficial commercial ties may thus be established with the rest of the world. A peaceful world can only be established on the basis of economic stability.

Sixth. Combating economic fluctuations:

An effective approach to this problem involves intelligent blending of the programs just described. All action in this connection must be aimed at stabilizing the Nation's economy at a high level of activity.

Let me quote to you the last paragraph of the President's recommendation on this point.

Continuing policy cannot be extemporized from month to month or even from year to year; most policies designed to increase the stability of the economy are of long-range character. Fortunately, we have time in which to plan deliberately and wisely, and in which to secure the cooperation of all our citizens in driving toward our common goal: An expanding economy of maximum production, employment, and purchasing power under a system of free competitive enterprise, with full recognition of the duties and responsibilities of forward-looking Government. (The Economic Report of the President, p. 32.)

These recommendations merit the careful study of every conscientious Member of Congress. These are the programs which will control the severity of the next great depression and, indirectly, the future of democracy in our Nation. These principles must be borne in mind as this year's legislation is formulated.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. EBERHARTER. I have heard advanced as reasons why a tax reduction bill should be passed, statements made by Republican spokesmen that private enterprise needs incentive; in other words, they are not making enough money and in order to keep in business, to go ahead, they need an incentive, and that that is a reason why there should be immediate tax reduction. I am delighted that the gentleman has shown us the profit that business has made in the last year. It seems to me from that showing that they do not need a reduction of taxes as an incentive to make more profits.

Mr. HOLIFIELD. I think the gentleman is exactly right.

Mr. PRICE of Illinois. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. PRICE of Illinois. The gentleman's address has been very interesting and I am glad to have his views on this subject so important to the consumers of this country. I want to make the observation that the gentleman himself is a successful businessman, being the operator of a large men's furnishing store in his own city. He speaks from an actual knowledge of the situation.

Mr. HOLIFIELD. I thank the gentleman for his contribution.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We had another illustration only this afternoon of a bill

passing by which they are going to gouge the public again.

Mr. HOLIFIELD. That is right. It is the old, old game of playing to a certain class and giving them a financial advantage at the cost of all the people.

Mr. McCORMACK. They wanted to please one group, all right. Did not want to displease another group, all wrong. The result is they passed a bill in which they said: "We will pass it on to the public," the dear old worker and the consuming public which in their concept of government always pays the price.

Mr. HOLIFIELD. The gentleman from Massachusetts is correct.

Mr. EBERHARTER. Mr. Speaker, if the gentleman will yield further, the gentleman spoke a while ago of 20-percent drop in production.

Mr. HOLIFIELD. That is in production; not in price.

Mr. EBERHARTER. That is beyond the marginal level that is necessary in order to have a reasonably prosperous economy.

Mr. HOLIFIELD. That is correct.

Mr. EBERHARTER. Twenty percent is a tremendous amount.

Mr. HOLIFIELD. There is no limit. Once the guaranty of production at the mill level starts down, it cannot be controlled; the old vicious circle that we have been so accustomed to in the past will occur again.

Mr. EBERHARTER. That is exactly what I mean. When you get just below the marginal level of a reasonably prosperous line, then the depression has started and it is very, very hard to stop it from obtaining tremendous proportions.

Mr. HOLIFIELD. That is right. The gentleman is correct.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield further?

Mr. HOLIFIELD. I yield.

Mr. McCORMACK. Before concluding, I want to congratulate the gentleman from California and also the gentleman from Pennsylvania [Mr. EBERHARTER] for the two constructive speeches that they have made this afternoon. We all know of the promises that were made last year; promise after promise on the floor of this House that within 60 days, if price controls were taken off, if the law of supply and demand were permitted to operate, the people would pay less, and there would be plenty of goods around, more so than when the OPA price ceilings were on. Now, over 6 months have gone by and it has not materialized, and the converse has taken place. Instead of lines of people trying to get something, there are people now with no money to buy at the high prices, and there is a consumer resistance going on. It is very apparent that they have had enough of 1946, and it is going to have a throw-back on those who employed them, and the people will have had enough in 1948 of the present controlling party in the Congress. Furthermore, this is the first time in 14 years that the people have had an opportunity of contrasting the leadership of the Democratic Party with the Republican Party. They have had 5 months of it now. Throughout the entire length and breadth of the country there is complete dissatisfaction with the

leadership of the Republican Party in Congress after only 5 months. The comparison is very favorable to our constructive leadership of 14 years.

Mr. HOLIFIELD. The gentleman is exactly right. In 5 months' time we have seen these things happen. We have seen corporate profits go up out of reason. We have seen take-home wages go down. We have seen great manufacturing companies and great financial institutions become alarmed over an impending crisis. We are seeing the stock market go down. The gentleman from Illinois [Mr. SABATH] spoke on the floor in the last 2 days regarding the short-selling wave on the stock market. The short-selling wave, of course, is an effort on the part of speculators to take advantage of certain market factors which they see in the offing. Even some of the great industrialists who rallied against controls and who did everything they could to get those controls taken off, now begin to see that the situation is getting out of hand. A few of them have agreed to the President's request and have made some small temporary price reductions. We know about the Newburyport plan, but we can also predict that the moral suasion of the President will not be listened to by greedy competitive producers who are out to wring the last dollar out of the wages of the American people. They continue to pile up these unexpended and undistributed reserves, and get themselves in a position where they individually can ride out the depression regardless of what happens to the rank and file of the American people.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. McCORMACK. I think one of the most unfortunate things that has ever happened is the stock-market situation. Earnings are high. Stocks usually sell for 10 times their earnings. That is a cardinal policy in the stock market. Yet you find stocks selling for hardly more than two, three, or four times their earnings. Since election day of last fall there has been a tremendous wiping out of billions of dollars of investments. People put in fear, have lost billions of dollars, driving the price down. Speculators now will step in and the market will take a turn upward. There is no real reason justifying this. There is every indication that stock values should be higher than they were last November, if anything, yet there has been this collapse and in its wake has followed the wiping out of billions of dollars of money invested by the average people of America. They are in fear, and many of them are selling out. Then the big speculators will step in at the low prices and, when the stock market bounds back, the poor people who had invested their money and lost billions of dollars will again, in plain language, be the losers. It is the same old story of shearing the lambs.

Mr. HOLIFIELD. The savings of individuals throughout America have grown to the greatest height in the history of America, the individual bondholdings and savings accounts. The speculators want to get hold of that money, and this is the way to do it.

Mr. McCORMACK. They cannot blame the Democratic Party for this collapse in the stock market.

Mr. HOLIFIELD. No, because the lack of confidence of which we have heard so long on the part of business is now beginning to show up in the stock market. The lack of confidence is coming because of the reversal of the policies of the Democratic administration.

Mr. McCORMACK. What about the person who through fear sells his stock or has sold his stock at a tremendous loss, when every factor existed for higher values, if anything?

Mr. HOLIFIELD. That man has lost the savings of the war years, the prosperous years, the Democratic, last 14 years. He has lost those savings because of the lack of confidence of even the big businessmen of America in a continuation of the prosperity which is now prevalent but which is nearing the end of its term.

Mr. KELLEY. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Pennsylvania.

Mr. KELLEY. Those things concerning which the gentleman has spoken have done something else, they have further promoted the feeling of insecurity among the working classes of our people. The great nemesis which follows them from the cradle to the grave is insecurity. That has been instanced in history where people have sacrificed their freedom for security. They talk about that in Russia. They have no freedom, but they do say they have security. The greatest bulwark against communism in this country, it seems to me, would be to promote security rather than desperation.

Mr. HOLIFIELD. I think the gentleman is exactly right. Communism is built on insecurity and desperation of peoples.

May I point out that the measures which the President advocated in regard to establishing security for the workers, providing that the social-security base is broadened, and seeing that certain types of health insurance are given to the people who are unable to buy that health insurance themselves; in other words, investing in the future of America, all of those things have been discarded and repudiated.

I bring that out in the body of my speech. They have all been repudiated and the old system of laissez faire has taken over. We are going to see industry in the place of giving workers security, punish the workers by supporting a Republican Congress in passing the harshest labor laws we have ever had. In place of giving the raise in social-security rates which the President has asked for, we are going to continue depreciating what we have. In the place of building homes for veterans, we see the appropriations being cut down. In the place of bringing in a long-range public housing bill to the floor of the House, such as the much talked of Taft-Ellender-Wagner bill in the other body, we see no action on the part of the respective committees to bring out that long-range housing program not only for veterans but for all the people of America.

who are in the subincome brackets and who need housing. We see nothing done about that. None of the things that the President has recommended is being done, nothing is being done except punitive things against the workers and small investors and small businessmen and the rank and file of people of America.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia have until midnight tonight to file reports on the bills, H. R. 494, 497, and 3515.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. BENNETT of Missouri asked and was given permission to extend his remarks in the RECORD and include a speech.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 50. An act for the relief of Joseph Ochrowski; to the Committee on the Judiciary.

S. 116. An act for the relief of Mrs. Mildred Wells Martin; to the Committee on the Judiciary.

S. 272. An act to provide for the utilization of surplus War Department-owned military real property as national cemeteries, when feasible; to the Committee on Public Lands.

S. 315. An act for the relief of Reginald Mitchell; to the Committee on the Judiciary.

S. 317. An act for the relief of Robert B. Jones; to the Committee on the Judiciary.

S. 470. An act for the relief of John H. Gradwell; to the Committee on the Judiciary.

S. 512. An act to extend provisions of the Bankhead-Jones Farm Tenant Act and the Soil Conservation and Domestic Allotment Acts to the Virgin Islands; to the Committee on Agriculture.

S. 514. An act for the relief of the legal guardian of Sylvia De Cicco; to the Committee on the Judiciary.

S. 526. An act to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 561. An act for the relief of Robert C. Birkes; to the Committee on the Judiciary.

S. 597. An act to provide for the protection of forests against destructive insects and diseases, and for other purposes; to the Committee on Agriculture.

S. 805. An act authorizing an appropriation for the construction, extension, and improvement of a high-school building near Roosevelt, Utah, for the district embracing the east portion of Duchesne County and the west portion of Uintah County; to the Committee on Public Lands.

S. 824. An act for the relief of Marion O. Cassidy; to the Committee on the Judiciary.

S. 882. An act for the relief of A. A. Pelletier and P. C. Silk; to the Committee on the Judiciary.

S. 1020. An act to amend the Philippine Rehabilitation Act of 1946, as amended; to the Committee on Foreign Affairs.

S. 1230. An act to amend section 2 (a) and 603 (a) of the National Housing Act, as amended; to the Committee on Banking and Currency.

S. J. Res. 64. Joint resolution authorizing the President of the United States of America to proclaim the 9th of October of each year as Leif Erikson Day; to the Committee on the Judiciary.

S. J. Res. 78. Joint resolution designating September 17 of each year as Constitution Day; to the Committee on the Judiciary.

S. J. Res. 92. Joint resolution designating April 5 of each year as Booker T. Washington Day; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 236. An act to amend the Nationality Act of 1940 so as to permit naturalization proceedings to be had at places other than in the office of the clerk or in open court in the case of sick or physically disabled individuals;

H. R. 384. An act for the relief of W. H. Baker and Walter Baker.

H. R. 428. An act for the relief of Charles N. Bemis;

H. R. 444. An act for the relief of the estate of Archie S. Woods, deceased;

H. R. 603. An act to amend an act of September 27, 1944, relating to credit for military or naval service in connection with certain homestead entries;

H. R. 1494. An act for the relief of the estate of Nellie P. Dunn, deceased;

H. R. 1844. An act to authorize the Administrator of Veterans' Affairs to grant easements in lands belonging to the United States under his supervision and control, and for other purposes;

H. R. 2094. An act for the relief of Isaac B. Jones; and

H. R. 3245. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 854. An act to amend section 502 (a) of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes."

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 8 minutes p. m.) under its previous order, the House adjourned until Monday, May 26, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

703. A letter from the executive secretary, National Advisory Committee for Aeronautics, transmitting a draft of a proposed bill to cover appropriation items for the National Advisory Committee for Aeronautics in the 1948 budget which may be subject to points of order; to the Committee on Expenditures in the Executive Departments.

704. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill to revise the method of issuing patents for public lands; to the Committee on Public Lands.

705. A letter from the Secretary of State, transmitting a draft of a proposed joint resolution to enable the President to utilize the appropriations for United States participation in the work of the United Na-

tions Relief and Rehabilitation Administration for meeting administrative expenses of United States Government agencies in connection with United Nations Relief and Rehabilitation Administration liquidation; to the Committee on Foreign Affairs.

706. A letter from the Acting Administrator, Federal Security Agency, transmitting a draft of a proposed bill to authorize intra-agency transfers and consolidations of appropriations by the Federal Security Administrator, and for other purposes; to the Committee on Expenditures in the Executive Departments.

707. A letter from the Secretary of State, transmitting a draft of a proposed bill providing for participation by the United States in the Inter-American Conference on Social Security and its permanent committee and authorizing an appropriation therefor; to the Committee on Foreign Affairs.

708. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1948 in the amount of \$350,000 (H. Doc. No. 267); to the Committee on Appropriations and ordered to be printed.

709. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1948 in the amount of \$61,580,000 for the War Department (H. Doc. No. 268); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WADSWORTH: Committee on Rules. House Resolution 166. Resolution authorizing and directing the Committee on Agriculture to undertake an investigation with respect to the potato surplus; without amendment (Rept. No. 444). Referred to the House Calendar.

Mr. TWYMAN: Committee on Post Office and Civil Service. H. R. 1714. A bill to exclude certain interns, student nurses, and other student employees of hospitals of the Federal Government from the Classification Act and other laws relating to compensation and benefits of Federal employees, and for other purposes; with an amendment (Rept. No. 445). Referred to the Committee of the Whole House on the State of the Union.

Mr. SIMPSON of Illinois: Committee on the District of Columbia. H. R. 1633. A bill to amend section 16 of chapter V of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia"; without amendment (Rept. No. 446). Referred to the Committee of the Whole House on the State of the Union.

Mr. BEALL: Committee on the District of Columbia. H. R. 2470. A bill to authorize the establishment of a band in the Metropolitan Police force; without amendment (Rept. No. 447). Referred to the Committee of the Whole House on the State of the Union.

Mr. HINSHAW: Committee on Interstate and Foreign Commerce. H. R. 3587. A bill to establish a National Aviation Council for the purpose of unifying and clarifying national policies relating to aviation, and for other purposes; without amendment (Rept. No. 449). Referred to the Committee of the Whole House on the State of the Union.

Mr. DIRKSEN: Committee on Appropriations. H. R. 3601. A bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes; with an amendment (Rept. No. 450). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. H. R. 494. A bill to reorganize the system of parole of prisoners convicted in the District of Columbia; with an amendment (Rept. No. 451). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. H. R. 497. A bill to transfer the probation system for the District of Columbia to the probation system for United States courts; with an amendment (Rept. No. 452). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. H. R. 3515. A bill to make it unlawful in the District of Columbia to corruptly influence participants or officials in contests of skill, speed, strength, or endurance, and to provide a penalty therefor; with an amendment (Rept. No. 453). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FELLOWS: Committee on the Judiciary. S. 135. A bill to legalize the admission into the United States of Frank Schindler; without amendment (Rept. No. 448). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SABATH:

H. R. 3593. A bill to provide revenue from the short sales of shares of stock, grains, cotton, or other allied agricultural commodities; to the Committee on Ways and Means.

H. R. 3594. A bill to prohibit communication of false information with respect to securities in certain cases; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLVERTON:

H. R. 3595. A bill to amend the Communications Act of 1934, as amended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PHILBIN:

H. R. 3596. A bill to amend the act of December 2, 1942, entitled "An act to provide benefits for the injury, disability, death, or enemy detention of employees of contractors with the United States, and for other purposes," to clarify the eligibility for benefits of certain employees detained by the enemy in the Philippine Islands; to the Committee on the Judiciary.

By Mr. BATES of Massachusetts:

H. R. 3597. A bill to provide revenue for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. ALLEN of California:

H. R. 3598. A bill granting the consent and approval of Congress to an interstate compact relating to the better utilization of the fisheries (marine, shell, and anadromous) of the Pacific coast and creating the Pacific Marine Fisheries Commission; to the Committee on Merchant Marine and Fisheries.

By Mrs. ROGERS of Massachusetts (by request):

H. R. 3599. A bill to provide medical care for war widows and medical and dental care for war orphans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. COLE of Kansas:

H. R. 3600. A bill to reimburse certain employees of the Bureau of Prisons of the Department of Justice, and for other purposes; to the Committee on the Judiciary.

By Mr. DIRKSEN:

H. R. 3601. A bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes; to the Committee on Appropriations.

By Mr. REED of New York:

H. R. 3602. A bill to exempt from admissions tax general admissions to agricultural fairs; to the Committee on Ways and Means.

By Mr. BARRETT:

H. R. 3603. A bill granting the consent of Congress to the States of Idaho and Wyoming to negotiate and enter into a compact for the division of the waters of the Snake River and its tributaries originating in either of the two States and flowing into the other; to the Committee on Public Lands.

By Mr. BARTLETT:

H. J. Res. 209. Joint resolution to provide for the issuance of a special postage stamp in commemoration of the eightieth anniversary of the purchase of Alaska; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the United States to provide, for purposes of taxation of income, that damage caused by the tidal wave which hit the Hawaiian Islands on April 1, 1946, and the subsequent tidal waves or like marine disturbances may be deducted from income in installments over a period of 5 years; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of California (by request):

H. R. 3604. A bill to authorize the Methodist Home of the District of Columbia to make certain changes in its certificate of incorporation with respect to stated objects; to the Committee on the District of Columbia.

By Mr. COLE of Kansas:

H. R. 3605. A bill for the relief of Richard W. Seagraves; to the Committee on the Judiciary.

By Mr. JUDD:

H. R. 3606. A bill for the relief of W. A. Chisholm; to the Committee on the Judiciary.

H. R. 3607. A bill for the relief of W. A. Chisholm; to the Committee on the Judiciary.

H. R. 3608. A bill for the relief of Cristeta La-Madrid Angeles; to the Committee on the Judiciary.

By Mr. POTTS:

H. R. 3609. A bill for the relief of Herluf F. J. Ravn; to the Committee on the Judiciary.

H. R. 3610. A bill for the relief of Herluf F. J. Ravn; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

565. By Mr. SMITH of Wisconsin: Resolution adopted by William A. Bancroft Camp, No. 16, of United Spanish War Veterans, Racine, Wis., endorsing H. R. 969, which would increase pensions of Spanish-American War veterans; to the Committee on Veterans' Affairs.

566. By the SPEAKER: Petition of Russell E. Pierce and others, petitioning consideration of their resolution with reference to favorable consideration of S. 265; to the Committee on Interstate and Foreign Commerce.

567. Also, petition of St. Thomas Council, No. 1347, Knights of Columbus, Gary, Ind., petitioning consideration of their resolution with reference to request for investigation and curtailment of alleged subversive activities of foreign agents working directly or indirectly within or without the continental United States; to the Committee on Foreign Affairs.

SENATE

MONDAY, MAY 26, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

We thank Thee, our Father in Heaven, for this sacred moment when our hearts may be united in prayer, and when, forgetting all else save our need of Thy guidance and help, we may reach up to Thee as Thou art reaching down to us.

Let not the beauty of this day, or the glow of good health, or the present prosperity of our undertakings deceive us into a false reliance upon our own strength. Thou hast given us every good thing. Thou hast given us life itself with whatever talents we possess and the time and the opportunity to use them. May we use them wisely, lest they be curtailed or taken away.

Deliver us from the error of asking and expecting Thy blessing and Thy guidance in our public lives while closing the doors to Thee in our private living. Thou knowest what we are wherever we are. Help us to be the best we can be.

We ask in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Friday, May 23, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the bill (S. 814) to provide support for wool, and for other purposes, with amendments in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 2094) for the relief of Isaac B. Jones, and it was signed by the President pro tempore.